

# IMPACT OF DEMONETIZATION ON CO-OPERATIVE BANK DEPOSITORS WITH SPECIAL REFERENCE TO IRITTY TALUK

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**Abstract:** The present study is an attempt to analyze how demonetization effects on depositors of co-operative bank. It was found that middle and lower class people are mostly affected by demonetization and further it was concluded that the movement is an indelible milestone on both Indian economy and for the co-operative bank depositors.

**Keywords:** Demonetization, Co-operative bank.

## INTRODUCTION

In 2016 the India government decided to demonetize the 500 and 1000 rupee notes, the two biggest denomination notes. These notes accounted for 86% of country's cash supply. The government's goal was to eradicate counterfeit currency, fight tax evasion, eliminate black money and promote a cashless economy.

Its impact has been quite severe on co-operative banking sector in the country particularly in Kerala. People depositing their savings in co-operative banks are a normal practice in Kerala. The reason for this is that the co-operative banks are in their native place; it does not require a lot of documentation and does not need the tedious process like fulfillment of KYC Norms. The study is an attempt to assess how the co-operative bank depositors in Iritty Taluk (Kerala) affected by demonetization.

## STATEMENT OF PROBLEMS

The banking sector is the largest financial institution. Everyone depends the bank. The co-operative bank and their depositors are mostly affected after demonetization. So this is the ultimate reason for choosing depositors of co-operative banks as the topic for the study. This study will help to know how the depositors of co-operative banks are affected by demonetization.

## REVIEW OF LITERATURE

1. Vedashreemali in International Journal of commerce and management Research (Volume 2; issue 12; December 2016; page No.35-36) On **Demonetization: A step towards modified India:** Demonetization through it has created some positive and some negative impacts on different sectors but in long run it definitely will have positive impact in controlling black money and fake money.
2. Care Ratings (Professional Risk Opinion) On November 09,2016 on **Economic consequences of demonetization of 500 and 1000 Rupee Notes:** In spite of the initial hiccups and disruption in the system, eventually this change will be well assimilated and will prove positive for the economy in the long run. Black money hoarders will definitely lose out, eventually boosting the formal economy in the long run, short term fall in real estate prices might benefit middle class citizens, and this move by the government along with the implementation of the GST will eventually make the system more accountable and efficient.
3. Dr. S.M Jayasudha and Dr.M. Thangavel in IOSR Journal of Humanities And social Science (IOSR-JHSS) (e-ISSN: 2279-0837, p-ISSN:2279-0845.pp18-20) on **An Empirical study on the major problems Faced Due To Demonetization by the small Retailers in Erode city :** Thus it is clear from the research that due to demonetization most of the small retailers have faced many difficulties while dealing with banks. However, this is not a permanent condition. The economy is expected to recover soon after the circulation of new currency notes.
4. Mrs. S Sangeetha in IOSR Journal of Humanities And Social Science (IOSR-JHSS) (e-ISSN: 2279-0837,p-ISSN:2279-0848. pp 29-30) **Benefits of Demonetization :Rich and Poor:** The benefits are much dominating and it will be in the long-term interest of our country. Government need to take all the necessary steps so as to ensure that there will be a turn into chaos if government takes no necessary steps to circulate in our economy. We congratulate the entire government and those hidden brains of our democracy that brought this decision.

## OBJECTIVES

- To analyze impact of demonetization on co-operative bank depositors
- To understand satisfaction level of depositors towards new schemes adopted by co-operative banks.
- To know the difficulties faced by the co-operative bank depositors.
- To know how the co-operative bank depositors evaluate demonetization.

## PROFILE OF STUDY AREA

Iritty is a municipality and a taluk in the district of Kannur in the state of Kerala, India. The town is the main market place for the farmer communities in the surrounding regions. Iritty is known as the Coorg Valley in God's own country. Iritty is one of the fast upcoming towns in Kerala and one among four taluk in Kannur district.

## RESEARCH METHODOLOGY

### a. Research design

Descriptive research design was adopted for this study to analyses and interprets the data collected from the respondents.

### b. Source of Data

Both primary and secondary data were used in the study. Primary data were collected through survey method. Secondary data were obtained from various references books, journals and websites.

### c. Sample size

The size of the population was 50 on the basis of convenience.

### d. Statistical Tools used.

The primary data were in the form of tables and they were analyzed by using simple percentages Analysis and chi-square Test.

## HYPOTHESIS

There is no significant Association between monthly income and satisfaction level of depositors

## LIMITATIONS OF THE STUDY

1. The study was confined only to Iritty Taluk (Kerala).
2. The sample size was limited to 50 respondents only.

## DATA ANALYSIS

### MONTHLY INCOME OF RESPONDENTS

Table .1

Monthly income	No. of respondents	Percentage
Below 10000	10	20
10000-20000	16	32
20000-40000	17	34
40000-60000	4	8
Above 60000	3	6
<b>Total</b>	<b>50</b>	<b>100</b>

Source: Primary Data

In this survey 20% getting an income of below 10000, 32% getting 10000-20000 monthly income,34% earning an income between 20000-40000,8% of respondents getting an income between 40000-60000. There are only 6 per cent of respondents who earn an income more than 60000.

### SATISFACTION LEVEL OF PRESENT DEMONETIZATION POLICY BY RESPONEDNTS

Table 2

Response	No.of respondents	Mark
Highly satisfied	9	45
Satisfied	14	56
Moderately satisfied	15	45
Dissatisfied	9	18
Highly dissatisfied	3	3
Total	50	167
Mean value-167/50=3.34		

Table 2 shows that the mean value is 3.34 which lie between 3-4. The survey shows that majority of respondents are moderately satisfied demonetization policy. So it can conclude that people are moderately satisfied with current demonetization policy of India.

### RELATIONSHIPS BETWEEN MONTHLY INCOME AND SATISFACTION LEVEL OF DEMONETIZATION

$H_0$ : Income and satisfaction level of demonetization are independent.

$H_1$ : Income and satisfaction level of demonetization are dependent.

**Table 3**  
Observed frequency

Monthly income	Satisfaction of demonetization					Total
	Highly Satisfied	Satisfied	Moderately satisfied	Dissatisfied	Highly dissatisfied	
Below 10000	1	3	3	2	1	10
10000-20000	4	6	4	1	1	16
20000-40000	3	3	7	4	0	17
40000-60000	1	1	0	1	1	4
Above60000	0	1	1	1	0	3
Total	9	14	15	9	3	50

**Table .4**

Calculation of  $\chi^2$  value

O	E	O-E	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
1	1.8	-0.80	0.64	0.36
4	2.9	1.12	1.25	0.44
3	3.1	-0.06	0.00	0.00
1	0.7	0.28	0.08	0.11
0	0.5	-0.54	0.29	0.01
3	2.8	0.20	0.04	0.01
6	4.5	1.52	2.31	0.52
3	4.8	-1.76	3.10	0.65
1	1.1	-0.12	0.01	0.01
1	0.8	0.16	0.03	0.03
3	3.0	0.00	0.00	0.00
4	4.8	-0.80	0.64	0.13
7	5.1	1.90	3.61	0.71
0	1.2	-1.20	1.44	1.20
1	0.9	0.10	0.01	0.01
2	1.8	0.20	0.04	0.02
1	2.9	-1.88	3.53	1.23
4	3.1	0.94	0.88	0.29
1	0.7	0.28	0.08	0.11
1	0.5	0.46	0.21	0.39
1	0.6	0.40	0.16	0.27
1	1.0	0.04	0.00	0.00
0	1.0	-1.02	1.04	1.02
1	0.2	0.76	0.58	2.41
0	0.18	-0.18	0.03	0.18
<b>TOTAL</b>				<b>10.63</b>

Table value of  $\chi^2$  for degree of at 5% level of significance is 26.296. Calculated value is less than the table value. So we accept  $H_0$  and reject  $H_1$ .

**FINDINGS**

1. Demonetization leads to layoff of respondents from co-operative bank.
2. Among 50 respondents majority of them get security assurance from the co-operative bank authority.
3. Many difficulties are faced by the respondents due to demonetization. From among problem for withdrawal money from the account and changing old currency are the main problem faced by them.
4. 96 percent opined that co-operative bank introduced new policy after demonetization.
5. Asking PAN card for making transaction and providing high interest rate are the most accepted changes by respondents.
6. From among 50 respondents 80 percent are satisfied with new schemes introduced co-operative bank.
7. Middle and lower class people are mostly affected by demonetization.
8. Demonetization provided a platform to co-operative bank to work as per the rules and regulations from RBI and NABARD
9. Out of 50 respondents 86 percent opined that politics made a bad effect on co-operative bank after demonetization.

**SUGGESTIONS**

1. It is suggested that Government should take appropriate measure to support co-operative banking from its distortion level
2. Government must introduce new financial policies to remove the impact of demonetization from the economy.
3. Bank authorities should take serious measures to control the lay off its depositors to other banks.
4. Political intervention in co-operative banks should be abolished.

**CONCLUSION**

A survey has been conducted to know the impact of Demonetization on the depositors of co-operative Bank.

It is concluded that the demonetization leads to lay off of depositors from co-operative banks there for it made a reverse impact on co-operative banking sector. In general point of view of respondents, demonetization is a good movement but it made negative impact on deposit in co-operative banks.

Many difficulties were faced by the depositors due to demonetization. From among these the main problem is withdrawal of money from accounts and this still continuing.

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