

A STUDY ON THE INFLUENCE OF DEMONETIZATION ON BANK EMPLOYEES

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Abstract

A currency will lose its legal tender status when it is demonetized. Demonetization in India had a huge impact on the economy of our country. GDP of the country fell drastically post demonetization. It was aimed at removing black money from the country. But people had to wait patiently in front of banks for withdrawing cash. Bankers had to deal all the aggressive customers with patience. The paper focused on finding out the problems faced by bankers during the period of demonetization.

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Introduction

Demonetizing means the act of stripping a currency unit of its status as legal tender. Demonetization process becomes necessary whenever there is a change of national currency. The old unit of currency must be removed and replaced with a new currency unit in demonetization. This was done with the aim of preventing financing of terrorism. Huge volume of fake currencies were used by the terrorist for subversive activities like smuggling of arms, espionage, and use of drugs and other illicit goods. Black money has been a menace transcending the economy of India for very long. A shadow was casted by the black money on our Indian economy pulling back developments . Inorder to remove the effect of this shadow, demonetization was implemented.

Demonetization can be done in the form of introduction of new notes or coins of the same denomination or it can be the complete withdrawal of the old denomination currencies or coins with the new denomination and it is believed that this activity of demonetization can wipe out black money from the economy. Remonetisation is the opposite of demonetization in which currency unit will be restored with its legal tender status. Currency units forms the basis of all trade activities. When high denomination currencies of Rs. 500 and Rs 1000 were withdrawn all on a sudden. Whole of India went on a stand still.

Significance of the study

Demonetization affected the liquidity aspects. All the citizens of India were affected by demonetization. 86% of the Indian currency was in the form of Rs. 500 and Rs 1000 notes. When all of that were withdrawn , a huge gap was created between Rs 100 and Rs 2000 notes and the absence of high denomination currencies in between Rs 100 and Rs 2000 led to the reduction in the utility of Rs 2000 as a transaction currency Demonetization jammed the purchasing power of people, affected the production of goods in factories, thereby leading to reduced employments, Daily wage earners, small traders, and labourers had no other option than to wait in long ques in front of the banks . As customers of the bank had to suffer by standing in long queues for withdrawals of their money, bank employees had to patiently suffer the pain of extended working hours and the angry customers. They had to toil day and night to serve the customers and were often abused by the dissatisfied customers out of anger. They were not able to focus

their operations on credit disbursement since majority of the time were captured in the exchange of currency notes and there was a fall in the incomes of the banks too as a result of this.

Objective of study

- ▶ To analyze the impact created by demonetization on the bank employees.
- ▶ To study about the working conditions of bank employees after Demonetization.
- ▶ To study about the problems created by demonetization for the bank employees.

Methodology

▶ This study is based on both Primary and Secondary data. There are 55717 staff members at Canara bank. Primary data is collected from 50 bank employees of Canara bank with the help of a questionnaire through e-mails, social Medias and telecommunication. The respondents were selected on the basis of convenience sampling method from the state of Kerala. Secondary data was collected from books, articles, magazines and websites. The study was confined to the bank employees of Canara bank in and around the Kottayam district to make it convenient for data collection.

Analysis and interpretation

Bank employees were the ones mostly affected with the demonetization. As a result of demonetization the bank employees had to work throughout the day. Most of them had to work throughout the night and even had to miss lunch breaks. They were asked whether they had to work extra as a result of demonetization.

Table No.1 Increase in working hours as a result of demonetization.

EXTRAWORKING HOURS	NO. OF EMPLOYEES	PERCENTAGE
Below 1 hr	8	16%
Between 1-5hrs	23	46%
Above 5 hrs	16	32%
As usual	3	6%
Total	50	100%

32% of bank employees opined that they had to work above 5hrs extra as a result of demonetization. 46% of bank employees has done extra work ranging between 1 and 5hrs, and 16% of employees work below 1hr extra .6% employees worked as usual. Increased working hours in banks as a result of demonetization were beyond the normal prescribed limits fixed for workplaces.

After demonetization, 23.3 million new accounts were opened under the Pradhan Mantri Jan Dhan Yojana alone and for all these account openings, customers were visting banks and the volume of work in banking sector has increased manifold increasing huge work pressure for the employees. Respondents were then asked about their stress levels as a result of demonetization. Though stress is normal in life. If it exceeds the limit, it can affect the health, job efficiency and family life of the respondents. Self reported opinion of the bank employees about their stress levels has been depicted in the table below.

Table.2: Opinion on Stress levels due to Demonetization

OPINION	NO. OF EMPLOYEES	PERCENTAGE
Severe stress	34	68%
Limited stress	14	28%
No stress at all	02	04%
Total	50	100%

Credit growth in Nationalized banks' declined to 2.7% during the second half of FY17 compared to 8.8% growth rate in the second half of FY16. Credit growth in SBI and its associates fell to 7.8% during the second half of FY17 while it was 13.7% during second half of FY16 . Credit growth for Private banks' was only 10.1% in the second half of FY17 while it was 18.8% during the previous year. We can understand from the figures that there is a tremendous decline in the credit growth of banks post demonetization.

Along with the declining profitability issue, demonetization has placed extra stress upon the banking officials for regulatory compliances to be made to the government of India and RBI. Health issues, Family issues, Mental stress, Job security issues, physical stress, vigilance stress and angry customers also poised a serious concern for the bank employees. Opinion of the bank

employees about how demonetization has created problems for them in various areas were depicted in the table below:

	Highly affected	Affected	Neutral	Not Affected	Not at all Affected
Health Issues	20	5	5	10	10
Family issues	9	8	14	8	11
Mental stress	10	12	11	9	8
Job security issues	8	6	5	16	15
Angry customers	20	14	9	2	5

Table.3:Likerts Scale

	Highly affected	Affected	Neutral	Not Affected	Not at all Affected	Total	Avg response
Health Issues	100	20	15	20	10	165	3.3
Family issues	45	32	42	16	11	146	2.92
Mental stress	50	48	33	18	8	157	3.14
Job security issues	40	24	15	32	15	126	2.52
Angry customers	100	56	27	04	05	192	3.84

Findings

- ▶ After analyzing the work pressure of bank employees after demonetization, it is clear that bank employees faced many difficulties due to the new scheme demonetization.
- ▶ Bank employees working extra hours are affected by stress, anxiety and they don't get any extra remuneration for their extra effort.
- ▶ Demonetization increased work load of employees and reduce efficiency in their works
- ▶ Additional facilities are not provided at banks to tackle the emergency situation.
- ▶ The work load due to new scheme demonetization also affected the family life of employees.

Suggestions

- ▶ Banking operations should be made part of primary education.
- ▶ Banking awareness classes should be conducted for the public to make them better equipped in banking.
- ▶ Account Forms should be made in vernacular language.
- ▶ Accounting procedures should be made simple.

Conclusion

As per our study we find that the introduction of DEMONITIZATION increased work pressure and mental strain of employees. To overcome this situation bank employees who have participated in the survey suggested more benefits for the employees for the services rendered and banking education for the masses. Government should give extra incentives to bank employees for their extra work. Human resource in banking sector should be effectively managed without exploiting them. Other government employees also should have been deployed along with the bank staff to handle such situations which would have reduced the stress of bankers.

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