

A study on public perception about political aspects and impacts of Demonetisation

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Abstract

Back in November 2016, the Prime Minister Narendra Modi announced a sudden ban on the high-denomination notes. Consequently, the currency notes of Rs. 500 and Rs. 1000 were ceased to be legal tender beginning midnight hours of November 8. In his address to the nation the Prime Minister quoted “prevalence of black money and use of unaccounted money in terror activities as well as illegal drug trade” as prime objectives behind the unprecedented move. As awfully surprised, shocked and aghast citizens struggled to cope up with the decision of Government of India, the demonetisation hogged media highlights for months thus becoming most hotly debated topic owing to political connotations attached with the Prime Minister’s sudden announcement. The midnight event further sparked political furor as the opposition parties sought to link the demonetisation with the assembly elections in Uttar Pradesh, which were slated to be held months after the demonetisation was brought in. This paper studies and documents the public perception about such socio-politically aligned aspects and impacts of demonetisation. Conducted on a sample of 600 respondents, the investigation in this paper observed that despite having facing widespread hardships and economic distress, the controversial move generated a favorable political sentiment for the incumbent political outfit in country. While a whopping 70 percent of the respondents attributed the significant electoral gains of incumbent party to demonetisation, 60 percent respondents held a clear opinion that repeated criticism of demonetisation cost opposition parties very heavily in political battle grounds post-demonetisation. Interestingly, a vast majority refused to believe that demonetisation was a “politically conceived”, even though 80 percent of the sample audience clearly opined that the decision to announce currency ban aimed at “showcasing a strong political will by the then Union Government”. A little more than half of the total respondents (i.e. 55.5 percent) categorically discarded the statement that demonetisation was effected to deflate the opposition, especially to benefit incumbent government just before Uttar Pradesh elections. The another most notable finding of the present study is the revelation that while more than 80 percent discovered a strong polarization in society in in two factions namely supporters and critics of incumbent political party, the economists too were found to have been divided as per their political affiliations by an overwhelming numbers i.e. 75 percent of respondents investigated for the study. Last but not the least, while a larger chunk of people developed a perception that demonetisation failed to achieve the objectives as stated by the Prime Minister, merely 24 percent of the sample size taken for study refused to support the move irrespective of its political affiliations.

Key words: Black money, fake currency, digital payments, banks, benefits, internet banking

Introduction

Demonetization of currency means elimination of a lawful status of a specific monetary unit. In simpler terms, the process with which legal tender status i.e.

face value of a particular coin or currency note is announced to have been seized is referred to as demonetisation. The process of decimalizing the currency is neither new to world nor is restricted to a particular region, state or country. History is replete with many such examples wherein demonetisation was

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effected with specific objections, primarily to counter circulation of counterfeit currency and weed out black money (Mangal et al 2017). The others reasons often quoted as reason behind the currency ban in a particular country include snapping the money supply chain to anti-social elements engaged in acts of terrorism and drugs trade in country. The list of countries in which governments demonetized their respective currencies include Libya, North Korea, United Kingdom, Soviet Union, Ghana, Myanmar, Nigeria, Australia, Ireland, Iraq and many others. Irrespective of the outcome in terms of success or failure in meeting its objectives, the demonetisation always topped the list of most debated issues mainly due to its large scale impact on society as well as economy of the country. The division of Soviet Union is widely counted as a direct fall out of the demonetisation process of 1991 when Soviet Union declared 50 and 100 rubles notes invalidated. While in mid-nineties Australian government experimented with demonetisation, North Korea and Libya too opted for demonetisation of specific monetary units in 2010 and 2012 respectively. Subsequently, Philippines announced to pull back old peso notes in December 2014 and a year later similar exercise was undertaken by Pakistan government. In context of India too, the term demonetisation is neither a jargon nor a new word. The successive Indian governments had opted for this extreme steps two times in past. For the first time the demonetisation was introduced in 1946 and second time in 1978 with common objective of eliminating black money. Later in 2016 Indians again had a brush with demonetisation when on November 8th, the Prime Minister Narendra Modi announced that the currency notes of 500 rupees and 1000 rupees will lose its legal status beginning midnight. Interestingly, these currency denominations accounted for the 86 % of the total cash in circulation. Post demonetisation as the chaos, anxiety and fear ruled the day, the issue soon blew into a full-fledged controversy with all the opposition political parties drawing political inferences. Given the fact that assembly elections in a state like Uttar Pradesh were slated to be held in few months post demonetisation, the media coverage of demonetisation and its allied issues too got political flavor. Within days the society including the economists, panelists, bankers, academicians were noted to have been polarized between supporters and critics of incumbent political party. This division or polarization that had its origin in

distress and anguish among the masses, however, could not mar the political fortunes of the incumbent political outfit at center with majority of Indians siding by the decision, irrespective of their political affiliations. This study has made an attempt to tabulate such political aspects and impacts of demonetisation which had its direct link with the perception masses had developed after reading content offered to them in newspapers. Objectives of the Study

1. To ascertain the public perception about political impact of demonetisation after reading newspaper content.
2. To explore the public perception regarding political aspects attached to the currency ban in 2016.
3. To identify the socio-political aspects and impacts of demonetisation.

Research Methodology

The research paper is based on primary data collected by the researcher through random sampling of 600 respondents from across Punjab. To ensure that data has gender wise equal representation, the respondents were chosen in equal numbers from among the males and females from all over the Punjab. The sample size calculator computed 385 or more surveys to be required to have a confidence level of 95 % that the real value is within $\pm 5\%$ of the surveyed value.

Using a structured questionnaire, the researcher attempted to tabulate the audience's perceptions about political aspects attached to demonetisation in India. Consisting of three questions having 4-5 statements each, the the responses were documented on a 5 point Likert scale viz. strongly agree, agree, neutral, disagree and strongly disagree with respective scores 1, 2, 3, 4, 5. For responses in each category percentage frequency has been applied. The primary data has been analyzed through suitable statistical techniques such as tables and simple mean to draw conclusions.

The collected data was tabulated, analyzed and interpreted by applying statistical tools and computerized statistical package, SPSS Version 20, was used for this determination.

Results and Discussion

Analysis and Interpretations

The data as shown in table 1 revealed the perception gained by reading newspapers content on the political impact of demonetisation. The respondent's agreement level over the statement that incumbent government made significant electoral gains due to demonetisation was obtained and tabulated in table

Table 1: Perception gained by reading newspapers content on the political impact of demonetisation

Statement	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
	Fre quency	% age	Fre quency	% age	Fre quency	% age	Fre quency	% age	Fre quency	% age
Incumbent Government made significant electoral gains due to demonetisation	39	6.5	129	21.5	25	4.2	307	51.2	100	16.7
Criticism of demonetisation by opposition parties cost them heavy in political battle grounds	47	7.8	155	25.8	48	8	291	48.5	59	9.8
The economists stood clearly divided as per their political affiliations	49	8.2	89	14.8	11	1.8	297	49.5	154	25.7
Society became strongly polarised between supporters and critics of incumbent political party	18	3	90	15	19	3.2	324	54	149	24.8

1. It was found, while 307 respondents (51.2 per cent) agreed to the statement, another 100 respondents (16.7 per cent) strongly approved the same. Nearly one fourth of the respondents, however, did not believe so. While 129 respondents (21.5 per cent) plainly disagreed, another 39 respondents (6.5 per cent) strongly expressed their disagreement to the statement. Only 25 respondents (4.2 per cent) remained neutral.

The data revealed that a relatively larger percentage of the respondents were of the opinion that criticism of demonetisation by opposition parties cost them very heavily in the political battle ground. It was found that 291 respondents accounting for 48.5 per cent agreed to it whereas another 59 (9.8 per cent) strongly held the same belief. Among those who did not believe in the statement 155 respondents (25.8 per cent) disagreed and 47 respondents accounting for 7.8 per cent strongly disagreed. The number of respondents who remained neutral was calculated to be on a relatively higher side i.e. 48 thereby contributing to 8 per cent of the total sample size.

More than half of the respondents including 297 respondents (49.5%) who agreed and 154 respondents (25.7 per cent) who strongly agreed were found to be of the opinion that the economists were clearly divided in accordance to their political affiliations on the issue of demonetisation. As less as 89 respondents (14.8 per cent) disagreed with the statement, another 49 respondents (8.2%) strongly disagreed. A meagre 1.8 per cent i.e. 11 respondents remained neutral.

As per data shown in Table 1, a clear unanimity was observed on the statement about society becoming strongly polarized between supporters and critics of the incumbent political party. As many as 324 respondents (54 per cent) admitted to have noted this

polarisation, another set of 149 respondents (24.8 per cent) strongly agreed to the statement. A lesser number of respondents i.e. 90 (15 per cent) disapproved of the statement whereas only 18 respondents (3 per cent) strongly opposed the viewpoint on society getting polarized between supporters and critics of incumbent political party on the issue of demonetisation. For those who remained neutral the percentage was calculated to be mere 3.2 per cent i.e. 19 respondents.

Through the data mentioned in the Table 2, the researcher sought to detail the agreement levels of the respondents to the given statement which mentioned demonetisation as a well-planned exercise. It was found that 261 respondents (33.5 per cent) agreed to it whereas 117 respondents (19.5 per cent) strongly believed demonetisation to be a well-planned move. For 150 respondents (25 per cent), demonetisation was not a well-planned exercise whereas 54 respondents (9 per cent) did not agree with the statement at all. The neutral section of the respondents comprised of only 3 percent respondents (18).

As depicted in above table, for 235 respondents (39.2 per cent) demonetisation was a politically motivated move, whereas 199 respondents (33.2 per cent) did not agree to it. Another set of 76 respondents (12.7 per cent) strongly believed that demonetisation had political motives whereas relatively less numbers i.e. 63 respondents (10.5 per cent) strongly disapproved the stated version. Only 4.5 per cent of the respondents neither agreed nor registered any sort of disagreement.

As far as the statement mentioning negative impact of demonetisation on Economy was concerned, larger section of the respondents did not agree with it. As much as, 48.7 per cent i.e. 292 respondents disagreed, another 22.5 percent i.e. 134 respondents

Table 2: Perception gained by reading newspapers content on the political impact of demonetisation decision by the incumbent government

Statement	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
	Fre quency	% age	Fre quency	% age	Fre quency	% age	Fre quency	% age	Fre quency	% age
Demonetisation was a well-planned exercise	54	9	150	25	18	3	261	43.5	117	19.5
Was politically motivated	63	10.5	199	33.2	27	4.5	235	39.2	76	12.7
Left negative impact on economy	134	22.3	292	48.7	6	1	136	22.7	32	5.3
Was aimed to deflate the opposition, especially to benefit incumbent government just before UP elections.	98	16.3	149	24.8	20	3.3	145	24.2	188	31.3
Was aimed to showcase a strong political will by union government	59	9.8	46	7.7	14	2.3	212	35.3	269	44.8

Table 3: Perception regarding overall personal opinion on socio-political aspects impacts of demonetisation

Statement	Not at all		Not much		Average		Little bit		Very much	
	Fre quency	% age	Fre quency	% age	Fre quency	% age	Fre quency	% age	Fre quency	% age
Did you personally get affected by demonetisation?	84	14	143	23.8	42	7	183	30.5	148	24.7
Do you support demonetisation irrespective of your political affiliation?	149	24.8	108	18	13	2.2	109	18.2	221	36.8
Do you think demonetisation has achieved its objectives?	230	38.3	127	21.2	10	1.7	115	19.2	118	19.7

strongly disagreed with the statement. Amongst those who agreed that demonetisation left negative impact on Economy while 22.7 percent i.e. 136 respondents agreed, another 5.3 percent i.e. 32 respondents strongly believed so. Almost negligible fraction of total respondents i.e. only one per cent remained neutral.

In response to the statement that demonetisation aimed to deflate the opposition in UP and other state elections, more than half of the respondents expressed their agreement with it. While 188 respondents (31.3 per cent) strongly agreed to it, another 145 (24.2 per cent) endorsed the stated version. Among those who did not find any link between demonetisation and the political motives aimed at deflating opposition in wake of state elections in different states including UP, a total of 149 respondents (24.8 per cent) did not give consent to the statement. Another chunk of 98 respondents (16.3 per cent), however, strongly disagreed. A very less number of respondents i.e. 20 (3.3 per cent) preferred to remain neutral.

More than 80 percent of the total population had gained a perception that demonetisation aimed to showcase a strong political will by the then union

government. While 269 respondents (44.8 per cent) strongly endorsed this statement, another 212 respondents (35.3 per cent) fully agreed with the given viewpoint. Finding no link between demonetisation and strong will of incumbent Union government while 59 respondents (9.8%) strongly disapproved of any correlation, another 46 respondents (7.7 per cent) also registered their disagreement with the given version. Neutral respondents accounted for mere 2.3 percent.

Through the data tabulated in table 3, an attempt to measure their personal opinion about the socio-political impacts of demonetisation in their individual lives was made. Maximum number of respondents 183 (30.5 per cent) opined that they personally got affected by demonetisation whereas another 148 (24.7 per cent) strongly agreed on being personally affected by demonetisation. As many as 143 respondents (23.8 per cent) completely disagreed with the statement, 84 others (14 per cent) were found strongly against the presented opinion. Remaining 42 respondents (7 per cent) stayed neutral.

The data analysis highlighted that even though the respondents were personally affected by

demonetisation, a larger section of them still supported the move irrespective of their political affiliations.

In response to the question “do you support demonetisation irrespective of your political affiliations” as many as 221 respondents (36.8%) extended their strong support to the move, another 109 (18.2 per cent) agreed to support demonetisation. Of the total sample size, there were 149 respondents (24.8 per cent) who strongly disagreed to support the demonetisation, the other set of 108 respondents (18 per cent) flatly refused to extend any support to the move. Only 13 respondents (2.2 per cent) stayed neutral.

Lastly, the respondents were asked to respond as if demonetisation had achieved its objectives, a vast majority replied in the negative. While 230 respondents (38.3 per cent) opined that objectives were “not at all” achieved, another 127 respondents (21.2 per cent) said “not much” was achieved. For 115 respondents (19.2 per cent) demonetisation succeeded in achieving a “little bit” of stated objectives whereas only 118 respondents (19.7 per cent) were of the viewpoint that objectives were achieved to a “very much” extent.

Conclusion

In a democratic system like that of India, the decisions of elected governments are never perceived to be apolitical. Every good or bad decision has political connotations which sometimes get blown into a big controversy thus triggering a nationwide debate. So is the case of recent demonetisation in India. The present study has found that newspaper content in shape of the coverage of demonetisation has made the people believe that criticism of the demonetisation by opposition parties not only cost them heavy in political battles post demonetisation but significantly helped the incumbent Government in making electoral gains.

Bringing to the fore the political orientation of the thought process of general public, the study concluded that more than half of the respondents agreed that demonetisation aimed at deflating the opposition, especially to benefit incumbent government just before UP elections even, though, 80 percent of the total population had gained a perception that demonetisation aimed to showcase a strong political will by the then union government.

The study found that more than three fourth of the sample population gained a perception demonetisation caused a vertical split among economists who stood divided on the issue in accordance with their political affiliations. As far as

the statement mentioning negative impact of demonetisation on Economy was concerned, a larger section of respondents refused to accede to statement. Less than 30 percent of respondents agreed that demonetisation caused negative impact on economy.

It has been found that even as 55 percent of population responded that they were personally affected by demonetisation, a little more than half of the sample affirmed strongly supported the currency ban irrespective of their political affiliations. When asked to respond as if they believe that demonetisation had achieved its objectives, a vast majority replied in the negative. Nearly 38 per cent were of the opinion that objectives were “not at all” achieved, another 21 per cent responded that “not much” was achieved.

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