



Impact Of Demonetisation On Currency Circulation In The Indian Economy

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Abstract

The government of India announced the concept of demonetization of currency that is 500- and 1000-rupee banknotes in the economy. So, they said that this would raise an effect on the shadow economy. and to crack down on the use of illicit and counterfeit cash to fund illegal activity and terrorism. This sudden launch of demonetization prolonged cash shortages in the weeks that followed, which created disruptions throughout the economy weakening the economic output. The ordinance of specific bank notes (cessation of liabilities) 2016, was passed by the government on 28, Dec 2016 for ceasing the liability of the government for the banned bank notes. so demonetization of technically a liquidity shock which has stopped in terms of currency availability. This created a situation where the lack of currencies jams consumption, investment, production, and employment. The intensity of demonetization effects clearly depends upon the duration of the liquidity shock. So, keeping this in focus the study is carried out to analyze the effect of demonetization on the currency circulation of the economy during and after the effect of demonetization. The help of statistical tools such as cointegration analysis, granger causality, paired t-test, covariance analysis, and regression analysis have been used to execute the results.

Keywords: demonetization, effects, currency circulation, growth, and impacts.

Introduction

It has been 5 years since the implementation of the demonetization of the domestic currency. it is an act of stripping a currency unit of its status as a legal tender. It would occur whenever there is a change in the national currency when the money is pulled from circulation and retired and often replaced with new notes or coins.

So, the objective of carrying out demonetization is to discourage the use of high denomination notes for illegal transactions. And to curb the widespread use of black money. it will also encourage the digitization of commercial transactions and to formalize the economy and boost the tax revenue for the government. And to bring the companies under the regulatory regime of the government

Review of Literature

Roy.An (April 2017) posits in his article has Demonetization has made major changes in our economy. It has been implemented with a motive to create a more clear and more

transparent economy through digitalization which in return will make our economy favorable for and FDI, boost our economy in the long run.

Ananya Mitra, Sonali Rath, Jayant Kumar Nayak (July, 2017) posits that the success of digital economy is influenced by the success of electronic payment systems. The success of electronic payments depends on the availability of bank accounts, connectivity and mobile devices.

Roopali Batra, Neha Kalra, (Jan.2016), posits that India is moving towards a major digital revolution. Digitisation of payment modes in India will be a landmark in the era of Indian history. This research concentrates to examine the acceptance of respondents towards digital wallets. It also identifies the various challenges faced by a person to adopt such a system where he has been used to cash transactions since very long. The market for digital wallets is still untouched in India and many more advancements are yet to be made.

James Wilson, (July, 2017), posits in his article about how Demonetization move has boosted the Indians to use cashless transactions. However, the increase what we have seen is just like a drop in the large pool of retail payments. Then the article shows the data of increase in usage of UPI modes of payments and various other modes. However, the large pool of retail payments will take a little time to shift towards digital economy.

Anurag Pahuja, Sukhmani Virk, (2012) posits in their article that with the ever changing and developing world, it has become necessary for banks to provide a variety of financial services at one stop and assume the role of financial supermarkets. These changes and developments majorly are through technology advancements. Also, the study shows the potential of Indian market to adapt to e banking services.

Statement of the Problem

It has created a direct impact of currency crunch in our economy, and a welfare loss for the currency-using population and consumption was adversely affected. That is consumption is directly related to production which will affect employment growth and tax revenue. And the loss of growth momentum has also increased bank deposits and reduced interest rates. And a perfect direction in countering black money. demonetization as a means of tackling the black economy. so it was believed that if cash was squeezed out, the black economy would be eliminated. But as actual effect cash is only one component of black wealth about only 1 percent. The original intent of demonetization was to address the issue of black money. so now the government says that money has come into the system, the cash to GDP will decline which will expand the tax base. So, this is only one way to tackle black money. so, the government also argues that the cash coming from the source into the bank will also enable catch the generators of black income which will in turn formulate the economy. Apart from that India also lost 86% of its monetary base. In a single move, the government has tackled the parallel economy, counterfeit currency in circulation, and terror financing. Almost all the people from small farmers to traders. So, this mainly affected money circulation. Focusing on this the study has been carried out to analyze the currency circulation before and after the

implementation of demonetization and its effect on the Indian economy.

The above problem has been further discussed along with the research problem

What is the level of currency circulation in the economy before and after the implementation of the demonetization?

Whether there is any difference in the level of cash flow in the economy before and after demonetization?

Does demonetization create any impact on the prevailing economy?

Objectives of the Study

- To analyze the growth and trend of money circulation before and after implementing demonetization.
- To examine the level of money circulation before and after the implementation of demonetization.
- To study the effect of change in money circulation in India before and after the implementation of demonetization
- To investigate the impact of money circulation on economic factors in India before and after the implementation of demonetization.

The hypothesis of the Study

- There is no significant difference between the currency circulation in India before and after demonetization.
- There is no significant relationship between currency circulation and money held in the economy before and after the implementation of demonetization.
- There is no significant relationship between currency circulation and economic factors before and after the implementation of demonetization.
- There is no significant impact of currency circulation on money held in the economy before and after the implementation of demonetization.
- There is no significant impact of currency circulation on economic factors before and after the implementation of demonetization.

Research Methodology

The study is analytical

Source of Data

The data are a secondary source of information and are collected from the official websites of the Reserve Bank of India, the world bank, and other news articles, journals, and magazines related to demonetization.

Period of Study

The period of study 2011-2021

Tools Used for the Study

Statistical tools are used for the study such as cointegration analysis, granger causality, paired t-test, covariance analysis, and regression analysis.

Analysis and Interpretation**Money circulation in the Indian Economy from the year 2011 -2021****Table 1.1****Trend and Growth Rate analysis for Money circulation in the Indian Economy**

| Year | Currency in Circulation | Growth Rate | Trend Rate | Cash with Banks | Growth Rate | Trend Rate | Currency With the public | Growth Rate | Trend Rate |
|------|-------------------------|-------------|------------|-----------------|-------------|------------|--------------------------|-------------|------------|
| 2011 | 1067230 | 1035917 | 882299.8 | 43560 | 45422.83 | 41654.05 | 1023670 | 990496.2 | 840645.9 |
| 2012 | 1190975 | 1148427 | 1073479 | 49914 | 49626.68 | 48036.22 | 1141061 | 1098727 | 1025442 |
| 2013 | 1301074 | 1273157 | 1264657 | 55255 | 54219.6 | 54418.39 | 1245819 | 1218785 | 1210239 |
| 2014 | 1448312 | 1411433 | 1455836 | 62131 | 59237.59 | 60800.56 | 1386182 | 1351961 | 1395035 |
| 2015 | 1663463 | 1564728 | 1647015 | 66209 | 64720 | 67182.74 | 1597254 | 1499690 | 1579832 |
| 2016 | 1335266 | 1734671 | 1838194 | 71142 | 70709.8 | 73564.91 | 1264124 | 1663561 | 1764629 |
| 2017 | 1829348 | 1923073 | 2029372 | 69635 | 77253.95 | 79947.08 | 1759712 | 1845337 | 1949425 |
| 2018 | 2136770 | 2131936 | 2220551 | 84561 | 84403.76 | 86329.25 | 2052209 | 2046977 | 2134222 |
| 2019 | 2447279 | 2363484 | 2411730 | 97563 | 92215.28 | 92711.43 | 2349715 | 2270649 | 2319018 |
| 2020 | 2853763 | 2620180 | 2602909 | 101935 | 100749.7 | 99093.6 | 2751828 | 2518763 | 2503815 |
| 2021 | 2946649 | 2904756 | 2794087 | 107309 | 110074.1 | 105475.8 | 2839340 | 2793987 | 2688611 |

Table 1.1 reveals the trend and growth rate analysis for money circulation in the Indian economy. The growth and trend of currency circulation over the period are

There is no significant difference between the currency circulation in India before and after demonetization.

Paired T-Test for the Money circulation before and after implementation of Demonetization in India

Table 1.2

| Paired Samples Correlations | | | |
|-----------------------------|---|-------------|------|
| | N | Correlation | Sig. |
| Pair 1 CC1 & CC2 | 5 | .961 | .009 |

Table 1.2 shows the paired t-test for Money Circulation before and after the implementation of demonetization in India. the correlation value of .961 shows a high positive relationship and the significant

increasing. Trend and growth rate for Cash with the and is also appreciating over the period and the Currency with Public is also found to be increasing in trend and growth.

value is also below 0.05 which means that there is a difference in the currency circulation before and after the implementation of demonetization.

**Paired sample test for the Money circulation before and after implementation of
Demonetization in India**

Table 1.3

| Paired Samples Test | | | | | | | | | |
|---------------------|-----------|--------------------|----------------|-----------------|---|------------|--------|----|-----------------|
| | | Paired Differences | | | | | t | df | Sig. (2-tailed) |
| | | Mean | Std. Deviation | Std. Error Mean | 95% Confidence Interval of the Difference | | | | |
| | | | | | Lower | Upper | | | |
| Pair 1 | CC1 - CC2 | -1108551.00 | 258152.16 | 115449.15 | -1429089.24621 | -788012.75 | -9.602 | 4 | .001 |

Table 1.3 exhibits the paired sample for Money Circulation before and after the implementation of demonetization in India. the t value even though it is high is negatively indicated which means that reversal in the directionality of the effect, which has no bearing on the significance of the difference between currency circulation before and after the implementation of demonetization. But the significant value is

below the level of 0.05 which means that there is a difference between the currency circulation before and after the implementation of demonetization, hence the null hypothesis is rejected.

There is no significant relationship between currency circulation and money held in the economy before and after the implementation of demonetization.

Correlation Analysis for Money circulation and forms of Money held in the Indian economy before implementation of demonetization.

Table 1.4

| Correlations | | | |
|----------------------|--------|------|-----|
| | CC1 | CB1 | CP1 |
| Currency Circulation | 1 | | |
| Cash with Bank | .772 | 1 | |
| Cash with Public | .999** | .750 | 1 |

** . Correlation is significant at the 0.01 level (2-tailed).

Table 1.4 depicts the relationship between Money circulation and forms of Money held in the Indian economy before the implementation of demonetization. there found a strong relationship between currency circulation and cash with the public at .999. hence the null hypothesis is rejected concluding that there is a significant

relationship between Money circulation and forms of Money held in the Indian economy before the implementation of demonetization. There is no significant relationship between currency circulation and economic factors before and after the implementation of demonetization.

Correlation Analysis for Money circulation and forms of Money held in the Indian economy after implementation of demonetization.

Table 1.5

| Correlations | | | |
|----------------------|---------|--------|-----|
| | CC2 | CB2 | CP2 |
| Currency Circulation | 1 | | |
| Cash with Bank | .971** | 1 | |
| Cash with Public | 1.000** | .969** | 1 |

** . Correlation is significant at the 0.01 level (2-tailed).

Table 1.5 indicates the relationship between Money circulation and forms of Money held in the Indian economy after the implementation of demonetization. There prevails a strong positive relationship between cash with bank and currency circulation at .971. there is a strong positive

relationship between cash with the public and cash with banks at 1.000 & .969. so the null hypothesis is rejected concluding that there is a significant relationship between the Money circulation and forms of Money held in the Indian economy after the implementation of demonetization.

Correlation Analysis for Money circulation and Economic Factors before implementation of demonetization.

Table 1.6

| Correlations | | | | | | | | |
|--------------|--------------|---------------|-------|-------|-------|-------|-------------|------|
| | CC1 | GDP1 | BM1 | ER1 | INF1 | FDI1 | EX1 | IMP1 |
| CC1 | 1 | | | | | | | |
| GDP1 | -.743 | 1 | | | | | | |
| BM1 | -.053 | .179 | 1 | | | | | |
| ER1 | .780 | -.833* | -.605 | 1 | | | | |
| INF1 | -.650 | .427 | .475 | -.679 | 1 | | | |
| FDI1 | .061 | -.063 | .225 | -.059 | .144 | 1 | | |
| EX1 | .518 | -.842* | -.349 | .772 | -.150 | -.256 | 1 | |
| IMP1 | .216 | -.371 | -.212 | .391 | .225 | -.518 | .791 | 1 |

*. Correlation is significant at the 0.05 level (2-tailed).

Table 1.6 elaborates on the relationship between Money circulation and Economic Factors before implementation of demonetization. There is a strong negative relationship between gross domestic product and currency circulation at -.743. and there is a strong positive relationship with the exchange rate and currency circulation, and a strong negative relationship with the gross domestic product at .780 and -.833. apart

from that, there is a strong negative relationship between export and gross domestic product at -.842. and there is a strong positive relationship between imports and export at .791. hence the null hypothesis is rejected concluding that there prevails a significant relationship between Money circulation and Economic Factors before the implementation of demonetization.

Correlation Analysis for Money circulation and Economic Factors before implementation of demonetization.

Table 1.7

| Correlations | | | | | | | | |
|--------------|---------------|----------------|---------------|------|-------|---------------|------|------|
| | CC2 | GDP2 | BM2 | ER2 | INF2 | EX2 | IMP2 | FDI2 |
| CC2 | 1 | | | | | | | |
| GDP2 | .601 | 1 | | | | | | |
| BM2 | .601 | 1.000** | 1 | | | | | |
| ER2 | .972** | .767 | .767 | 1 | | | | |
| INF2 | .821 | .249 | .249 | .734 | 1 | | | |
| EX2 | .645 | .982** | .982** | .804 | .264 | 1 | | |
| IMP2 | .254 | .679 | .679 | .422 | -.192 | .776 | 1 | |
| FDI2 | .634 | .996** | .996** | .794 | .259 | .994** | .720 | 1 |

** . Correlation is significant at the 0.01 level (2-tailed).

Table 1.9 reveals the relationship between Money circulation and Economic Factors before the implementation of demonetization. Broad money and gross domestic product have a strong positive relationship at 1.000. and the exchange rate has a positive relationship with currency circulation at .972. and export has a strong positive with the gross domestic product and broad money at .982. Inflation and currency circulation

has a positive relationship with each other at .821. apart from that foreign direct investment has a strong positive relationship with the gross domestic product, broad money, and export at .996, .996, and .994. The null hypothesis is rejected saying that there is a significant relationship between Money circulation and Economic Factors before the implementation of demonetization.

Regression Analysis for Money Circulation and Money held in Indian Economy before implementation of Demonetization

Table 1.8

Model summary of Money Circulation and Money held in Indian Economy before implementation of Demonetization

| | | Model Summary 1 | | |
|---------------|-------|-----------------|-------------------|---------------|
| Model | R | R Square | Adjusted R Square | Durbin Watson |
| GDP | 0.743 | 0.552 | 0.440 | 2.578 |
| Broad Money | 0.053 | 0.003 | -0.246 | 1.567 |
| Exchange Rate | 0.780 | 0.609 | 0.511 | 1.624 |
| Inflation | 0.650 | 0.422 | 0.277 | 1.413 |
| Export | 0.518 | 0.268 | 0.086 | 1.989 |
| Import | 0.216 | 0.047 | -0.192 | 1.770 |
| FDI | 0.061 | 0.004 | -0.245 | 3.466 |

Table 1.8 examines the impact of Money Circulation and Money held in the Indian Economy before the implementation of Demonetization. The R-value is found to be 0.743 for Gross domestic product and currency circulation which shows a strong positive relationship. R square value is .552 for Gross domestic product and currency circulation which shows the variance in the dependent variable that can be explained by the independent variable. And the Adjusted R square is .440 which shows the level of fitness of the model. And Durbin Watson's 2.578 shows that there is negative autocorrelation between gross domestic product and currency circulation. R-value of .053 for broad money and currency circulation which indicates the low relationship.

R square value of broad money and currency circulation is .003 which shows the low variance between dependent and independent variables. The adjusted R square value is found to be -.246 which depicts a negative model fit and the Durbin Watson value is 1.567 which shows the positive autocorrelation. Exchange rate and currency circulation have an R-value of .780 which means that there is a positive relationship, and the R square value is .609 shows the variance between them, Adjusted R square value is .511 which shows the model is fit. Durbin Watson for exchange rate and currency circulation is 1.624 which

shows a positive autocorrelation. Inflation and currency circulation has an R-value of .650 indicating a positive relationship square value of .422 showing the variance indicated by the dependent variable on the independent variable. Adjusted R square .277 which has a low model fit and Durbin Watson is 1.413 which indicates a positive autocorrelation.

Export and currency circulation indicate .518 a positive relationship, and the R square value is .268 the variance level is low and the Adjusted R square value is .086 which shows the model is not fit and Durbin Watson says the positive autocorrelation in the case of import and currency circulation the r value is .216 and shows the low-level relationship square value of .047 which shows a low-level variance and the adjusted r square value is -.192 that means the model is not fit, finally Durbin Watson is 1.770 that's a positive autocorrelation. And the Foreign direct investment and the currency circulation have an R-value of .061 that means a low relationship and the R square value is .004 which means a low-level variance, the adjusted R square value is also -.245 which indicates no model fit, and the Durbin Watson is 3.466 that means a negative autocorrelation.

There is no significant impact of currency circulation on economic factors before and after the implementation of demonetization

Table 1.9
ANOVA of Money Circulation and Money held in Indian Economy before implementation of Demonetization

| ANOVA | | |
|---------------|-------|-------|
| Model | F | Sig |
| GDP | 4.935 | 0.09 |
| Broad Money | 0.011 | 0.92 |
| Exchange Rate | 6.226 | 0.067 |
| Inflation | 2.92 | 0.163 |
| Export | 1.468 | 0.292 |
| Import | 0.196 | 0.681 |
| FDI | 0.015 | 0.909 |

Table 1.9 indicates the ANOVA for the Money Circulation and Money held in the Indian Economy before the implementation of Demonetization. The F value of the gross domestic product, exchange rate, and export is more than one which shows the efficiency of the model. And the significant value of the

exchange rate is sufficient apart from the rest of them are insignificant. Hence the null hypothesis is accepted stating that there is no significant impact of currency circulation on the economic factors before the implementation of demonetization in India

Table 1.10
Coefficient of Money Circulation and Money held in Indian Economy before implementation of Demonetization

| Coefficient | | | |
|---------------|-------------------|--------|-------|
| Model | Standardized Beta | T | Sig |
| GDP | -0.743 | -2.221 | 0.09 |
| Broad Money | -0.053 | -0.107 | 0.92 |
| Exchange Rate | 0.78 | 2.495 | 0.067 |
| Inflation | -0.65 | -1.709 | 0.163 |
| Export | 0.518 | 1.212 | 0.292 |
| Import | 0.216 | 0.443 | 0.681 |
| FDI | 0.061 | 0.121 | 0.909 |

Table 1.9 examines the coefficient of regression for Money Circulation and Money held in the Indian Economy before the implementation of Demonetization. The significant value is significant only for the

exchange rate apart from that others have a low significant value. This indicates that the null hypothesis is accepted saying that there is no significant impact of currency circulation between economic factors.

Regression Analysis for Money Circulation and Money held in Indian Economy after implementation of Demonetization

Table 1.10
Model summary of Money Circulation and Money held in Indian Economy after implementation of Demonetization

| Model Summary 2 | | | | |
|-----------------|-------|----------|-------------------|---------------|
| Model | R | R Square | Adjusted R Square | Durbin Watson |
| GDP | 0.601 | 0.362 | 0.149 | 1.955 |
| Broad Money | 0.601 | 0.362 | 0.149 | 1.955 |
| Exchange Rate | 0.972 | 0.945 | 0.927 | 1.97 |
| Inflation | 0.821 | 0.674 | 0.565 | 3.244 |
| Export | 0.645 | 0.416 | 0.221 | 2.16 |
| Import | 0.245 | 0.065 | -0.247 | 2.63 |
| FDI | 0.634 | 0.402 | 0.203 | 2.077 |

Table 1.10 indicates the model summary of Money Circulation and Money held in the Indian Economy after the implementation of Demonetization. Gross Domestic Product and currency circulation have an R-value of .601 which means that there is a positive relationship. R square value of .362 shows the low-level variance. Adjusted r square of .149 indicates the model is not fit and Durbin Watson is 1.955 which shows the positive autocorrelation. Broad money and currency circulation have an R-value of .601 which shows a positive relationship, R square value of .362 shows the low-level variance. Adjusted r square of .149 indicates the model is not fit and Durbin Watson is 1.955 which shows the positive autocorrelation. Exchange rate and currency circulation have an R-value of .972 depicting a strong positive relationship, R square value is .945 which shows the variance between them, adjusted R square value of .927 shows the good model fit, Durbin Watson of 1.97 shows a positive autocorrelation. And the inflation and currency circulation has an R-value of .821 that has a positive relationship, r square value of .674 explains the variance

of variables and an adjusted R square of .565 attempts for a good model fit further Durbin Watson shows 3.244 means that there is a negative autocorrelation.

The export and currency circulation indicates an R-value of .645 showing positive relation and an R square value of .416 a low variance has been analyzed, and the Adjusted R square has .221 indicates a model is not good to fit and the Durbin Watson of 2.16 shows a negative autocorrelation. And there is no relationship between import and currency circulation is understood by the R-value of .245, the R square value of .064 indicates the low variance, the adjusted r square of -.247 shows the model is not good to fit in, and the Durbin Watson. Finally for the relationship between foreign direct investment and currency circulation the r value is .634 a strongly positive one, R square value of .402 variance of the variable, adjusted r square of .203 shows the low-level model fit and the Durbin Watson value of 2.077 shows a negative autocorrelation. There is no significant impact of currency circulation on economic factors before and after the implementation of demonetization.

Table 1.11
ANOVA of Money Circulation and Money held in Indian Economy after implementation of Demonetization

| ANOVA | | |
|---------------|--------|------|
| Model | F | Sig |
| GDP | 1.700 | 0.28 |
| Broad Money | 1.700 | 0.28 |
| Exchange Rate | 51.891 | 0.00 |
| Inflation | 6.194 | 0.08 |
| Export | 2.135 | 0.24 |
| Import | 0.208 | 0.68 |
| FDI | 2.019 | 0.25 |

Table 1.11 shows the ANOVA for the Money Circulation and Money held in the Indian Economy after the implementation of Demonetization. The F value of the gross domestic product, broad money, exchange rate, inflation, export, and foreign direct investment are more than 1 which shows the efficiency of the model. The significant value

of exchange rate and inflation are considered significant apart from the rest found in significant. so hence it can be concluded that there is an effect of currency circulation on economic factors after the implementation of demonetization by rejecting the null hypothesis.

Table 1.12
Coefficient of Money Circulation and Money held in Indian Economy after implementation of Demonetization

| Coefficient 2 | | | |
|---------------|-------------------|-------|------|
| Model | Standardized Beta | T | Sig |
| GDP | 0.601 | 1.304 | 0.28 |
| Broad Money | 0.601 | 1.304 | 0.28 |
| Exchange | 0.972 | 7.204 | 0.00 |

| Rate | | | |
|-----------|-------|-------|------|
| Inflation | 0.821 | 2.489 | 0.08 |
| Export | 0.645 | 1.461 | 0.24 |
| Import | 0.254 | 0.456 | 0.68 |
| FDI | 0.634 | 1.421 | 0.25 |

Table 1.12 investigates the coefficient of Money Circulation and Money held in the Indian Economy after the implementation of Demonetization. The significant value of exchange rate and inflation are considered significant apart from the rest are found significant. so hence it can be concluded that there is an effect of currency circulation on economic factors after the implementation of demonetization by rejecting the null hypothesis.

Finding of the Study

- The growth and trend of currency circulation over the period are increasing.
- Trend and growth rate for Cash with the and is also appreciating over the period and the Currency with Public is also found to be increasing in trend and growth.
- That there is a difference in the currency circulation before and after the implementation of demonetization.
- There is a difference between the currency circulation before and after the implementation of demonetization, hence the null hypothesis is rejected.
- There is a significant relationship between Money circulation and forms of Money held in the Indian economy before the implementation of demonetization.
- There is a significant relationship between Money circulation and forms of Money held in the Indian economy after the implementation of demonetization.
- There is a strong negative relationship between gross domestic product and currency circulation.
- There is a strong positive relationship between exchange rate and currency circulation, and a strong negative relationship with the gross domestic product.
- There is a strong negative relationship between export and gross domestic product.
- There is a strong positive relationship between imports and export.
- There prevails a significant relationship between Money circulation and Economic

Factors before the implementation of demonetization.

- Broad money and the gross domestic product have a strong positive relationship.
- Exchange rate has a positive relationship with currency circulation.
- Export has a strong positive with the gross domestic product and broad money.
- Inflation and currency circulation has a positive relationship with each other
- Foreign direct investment has a strong positive relationship with the gross domestic product, broad money, and export.
- There is a significant relationship between Money circulation and Economic Factors after the implementation of demonetization
- There is no significant impact of currency circulation on the economic factors before the implementation of demonetization in India
- There is an effect of currency circulation on economic factors after the implementation of demonetization by rejecting the null hypothesis.

Conclusion

The above study elaborates on the flow of currency circulation before and after the implementation of demonetization. Currency circulation is found to be different among the period and there found a relationship between the currency circulation and the money held in different forms in the economy, and currency circulation has impacted the exchange rate and inflation before and after the implementation of the demonetization. It gives a clear picture of the money circulation that has changed over the period of time that has taken place during as well as the implementation period of demonetization. so, the impact of the demolition of 500- and 100-rupee notes definitely contracted the currency flow and was a clear plan for the outreach of black money in the economy. This study brought us a clear idea of before and after currency flow in the economy and whether and was there

any change in the circulation of currency after implementing the demonetization. This was not the factor contributing to the change in currency flow but we have other factors as well.

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