

Impact of Demonetization on Retail Sector with Special Reference to Gwailor



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Abstract

When the government stopped the old currency on legal tender and announcement to take new currency is called the demonetization. Demonetization terminate the black money, terrorism, fake currency and corruption etc. The main objective of this research paper that the demonetization has effected to cause of retailer and consumer. It had effected on brand in the retail sector. Demonetization had badly impact on retailer. It showed that the problem they faced are lack of liquidity, changing money, decreased the sale and two week closed the business. The sample size of 80 respondents were randomly selected from Gwalior District. In this paper is used chi square test. It found that business of retail sector is negatively affected by demonetization. Researcher is established primary data. It showed that it was a better business before demonetization. Mostly retailers are used paytm and other transaction.

Keywords: Demonetization, Money.

Introduction

On 8 November, 2016 the Prime Minister of India Narendra Modi has an amazing announcement and said that the existing greater demonetization currency (Rs. 500 & Rs. 1000) will terminate to be legal tenders.

According to Investopedia, "Demonetization is the act of stripping a currency unit of its status as legal tender". When any country replaces of national currency, it forms of money is draw from movement and formal or exchanged with new notes. In another words, when any country totally exchanged the old currency is known demonetization.

The government took the decision because demonetization terminated black money, corruption, duplicate note and activities of terrorists and the people who earned the currency in an inaccurate way. In this condition it has been directly attack by the demonetization. These are the expectations of Prime Minister that demonetization will terminate black money, corruption and duplicate note but the public faced many problems regarding demonetization. The decision of Central Government was trying to demoralized the exchange of money.

Demonetization is an easy process in many countries. Here we take an example of Venezuela the economy of the country never changed they are selling one liter milk and an egg approx. thirteen thousand and nine hundred rupees respectively. It is most amazing talk that the country never counts the exchange of money with the concern goods rather it is equal to that of the weight of goods. It means one peace of butter give to exchange of same weight of economy.

Demonetization has been applied twice in India. First time the currency of Rs. 1000, 10000 were banned from circulation in 1946. The ban of the currency did not have any impact on common people because higher currency was not available for common people. Although the currency was reintroduced with an additional of Rs. 5000 in 1954.

Second time The Prime Minister of India Morarji Desai has an amazing announcement that the currency of Rs. 1000, 5000 and 10,000 has been removed from circulation. His main objective was to stop the curb fake money in India.

Retailer

Retailer will buy goods from a manufacturer, distributor or wholesaler and sell them on to the customer at a marked up price. It is being to produce much better goods. At last it is being much different to sell the good to users. For this reason the greatest manufactures are stick to producing the goods. The retail sector needs to be registered because it may be official retail for a define line a products.

A retailer is a company or business where the products buys from a manufacture and sells them to end customers. In another words a retailer is a middleman from whom the customer apply to receive products from the manufacture.

The Prime Minister of India Narendra Modi, whose decision of demonetization was impacted in Indian retail industry in to tiny expression awaited to decline in the economy. However Demonetization is the most effect of small seller, unorganized retailing industries as local kirana store, convenience shops, paan shops footpath vendors and handcart. Organized sectors effected from demonetization as Big Bazaar, spencers, relevance retail etc.

The national president of the ICA Pankaj Mohindroo says, it has dropped the range of 40 – 60% in different markets. Demonetization has been effected in rural area more than urban area.

The Chief executive of Mahindra, Nagendra Palle says that “The impact of demonetization is short term but vast. You surmise a 30% decrease in sales at organized places where as it will drop the sales 65% above at unorganized sector”.

Demonetization is such type of decision which never by the society or citizen in India. Every Indian citizen feel its impact in their own way. Demonetization inflects the economy by the liquidity side. The result of this move ensures us that the currency has nearly 86% of value. Its circulation was withdrawn without exchanging volume of it. There are two type of impact of demonetization.

1. Positive impact
2. Negative impact

Positive Impact

1. It has been compared like a cancer of black money in any economy. Black money is an equidistant economy that weakens the base of any country. In India the total amount of black money of 3 lakh crore has been estimated. According to finance minister the total money in flow is only 17 lakh crore. The impact of demonetization terminated the black money.
2. According to RBI the people deposited the money 5.12 trillion in the banks. “The money had received Rs. 1027 trillion” said India’s largest public sector state bank of India (SBI).
3. Legal property is built on black money which the flow in the sector is vast. According to the report the legal property of 40% transactions in Delhi – NCR are being done in fake money.
4. After demonetization, the total currency had invalid about 86%. It increase digital transaction because the people dependent on cash. The government also announced different measures to motivate digital transaction by banking sector.

Negative Impact

1. It is temporary impact of demonetization because it decrease the purchased capacity of consumers for few days.
2. The currency Rs. 500, 1000 has been removed as valid currency to be exchanged by other designs. Its limits to deposit the banks. Obviously great deposit had gone to be subject to tax

scrutiny, preferable the point of the exercise in fact.

3. Government could not impose any reduction on the amount of money. A person can withdraw from his account as per section 26(2) of the RBI act 1934 because it is illegal.

Review of Literature

Baljinder kaur etal (2017) analyzed that demonetization has various impacted on retail sector. They were collected the data of 280 retailers in tricity (mohali, Chandigarh and panchkula). They identified the factors impacting the responses of retailers and to understand its overall impact with reference to demographic variables. One of the eminent factors that emerged from the survey topped the most of the problems faced through retailers were associated with the usage of Rs.2000 currency and outlook toward demonetization was significantly shifted from stopping of fake money to creation of cashless economy. They have main objective to find out the effect of demonetization on retailers in tricity and analyzed the overall affect of demonetization with respect to demographic variables. They found out that 37% respondents were of the view that new note is adversely impacting the retail business because of exchange problems, as smaller denomination currency were not available. When that 63% respondent did not agree with this.

Dr. vineeth k.m. and Neena Merina (2017) has presented the research paper “Demonetization impact on small scale entrepreneurs – A survey of retail vendors in Ernakulam District”. They explained that it accepted by the traders of the decision of demonetization. It was not gratification its planning and performance. People who employ on compact scale were more punch, for the reason that suddenly their vast sales was drop. In now days mostly marketers are operate paytm and other digital methods. But now most of the marketer are using paytm and other digital methods. Their study is based on both primary and secondary data. They are collected the primary data by questionnaires. The sample size are 120 vendors according to convenience. They has collected the secondary data by public sources such as journals, newspapers, internet and other magazines. The main objective of the impact of demonetization from the perspective of small scale retail entrepreneurs. They found out the 40% of the responsive have standard value concerning the demonetization policy and 23.3% of the responsive are highly value. The traders faced many problem of sales and paytm to suppliers are least affected. They analyzed that 70% of the retailer are operating paytm and the other retailers are operating cards for creation payment to give out with money masticate.

Mr. Kokila . V and et. al. has presented the research paper to show “ The impact of Demonetization on Retailing – An Analysis.” They analyzed to Demonetization is the main aim to control the fake money, remove the black currency from economy, terrorism and corruption. The process of demonetization effected all classes of people and their living as well as the retailers. Its finding on

analysis the impact of demonetization was activities on the retailer. They have main objectives to analyzed the impact of Demonetization process on retailing and discuss the concept of Demonetization. Their studies are base on primary and secondary data. They had utilized the questionnaire. They were fill upby 80% responsive from karaikal district. They have utilized random sampling method. Its research paper has utilized the simple percentage and chi square test. They found out retailers were quite impact of the demonetization process i.e. out of 12 outlets, 9 outlets have more impact of the demonetization out of 25. The sale had dropped retailer. It had dropped un-availability of proper cash.

Research Methodology

Research Methodology is a process consumed to collect material and data for the justification of making business decision. It is a scientific research. It may include interviews, surveys, publication research and another research techniques. It could include both present and past information. It is a scientific research.

Objective of the Study

1. To analyze the demonetization cause effect of retailer and consumer.
2. To know the trends and behavior change in consumer and shopkeepers buy.
3. Effect of demonetization on brand in the retailer business.

Types of the Study

This study is based on the type of descriptive research design.

Data Sources

Its investigation is established primary data. Researcher have taken sample size 80 tradesman in a particular area in Gwalior. Primary data are found out by questionnaires. Some information are collected journals, newspapers, and websites.

Statistical Tools

The data collected by questionnaire. Its is used chi square test in this research paper.

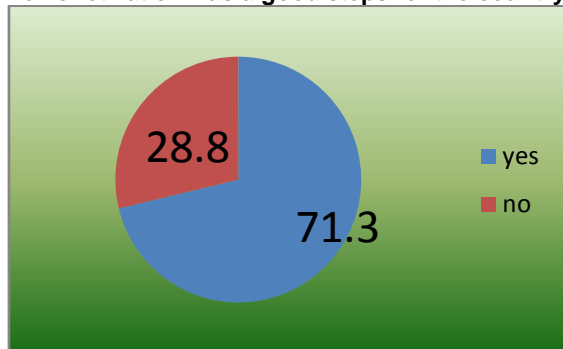
Hypothesis

1. Good steps for business is having significant impact on good step for the country.

Data Analysis and Interpretation

Figure: 1

Demonetization was a good steps for the country

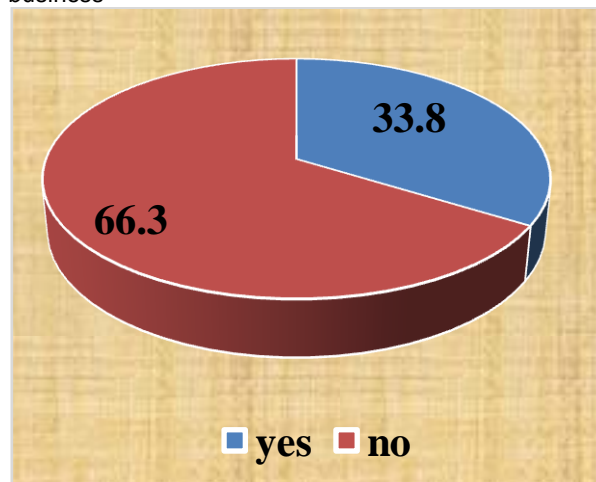


Interpretation

Table - 3.1 shows the demonetization was a good step for the country. According to this table, most of the respondents i.e. 71.3% fully agreed with this step and their response was positive saying yes.

Furthermore, some respondents i.e. 28.3% are not agreed with this step saying no to this step.

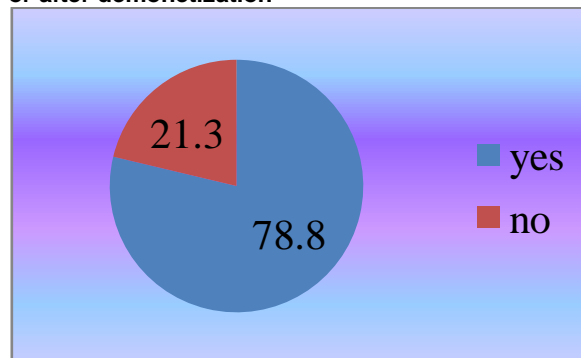
Figure: 2 Demonetization was a good steps for the business



Interpretation

Table- 3.2 shows the Demonetization was a good step for business. According to this table, some of respondents i.e. 33.8% said yes. And according most of the respondents i.e. 66.3% said no, it is not a good step for business.

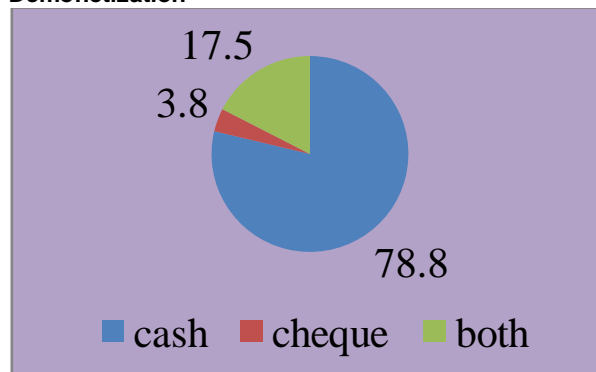
Figure: 3 Better business before demonetization or after demonetization



Interpretation

Table – 3.3 shows it was better business before Demonetization. According to this table, most of the respondents i.e. 78.8% said yes. And according to some of the respondents i.e. 21.3% said no, it was better business after demonetization.

Figure: 3.4 Mode of Payment was used Before Demonetization

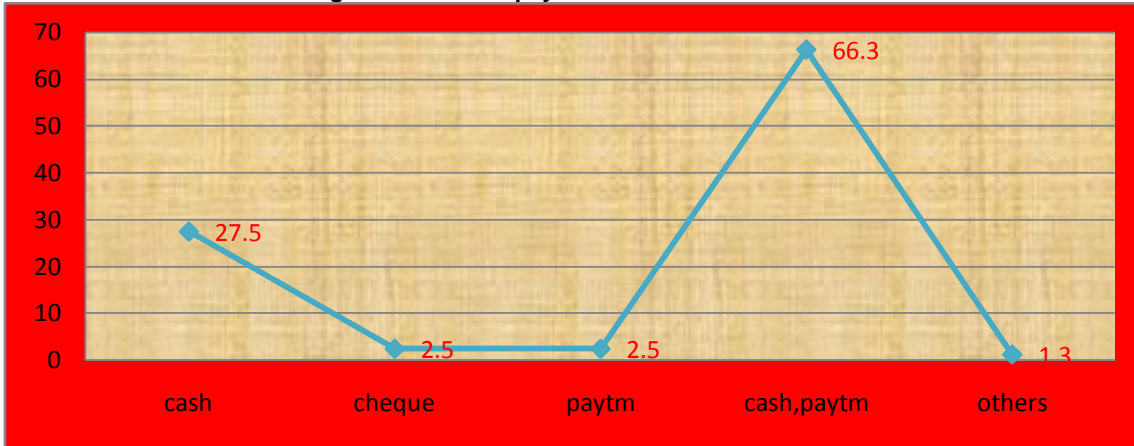


Interpretation

Table 3.4 shows the mode of payment was used before Demonetization. According to this table, most of the respondents i.e. 78.8% are used cash,

some respondents i.e. 3.8% are used cheque, Some respondents i.e. 17.5% are used cash and cheque respectively.

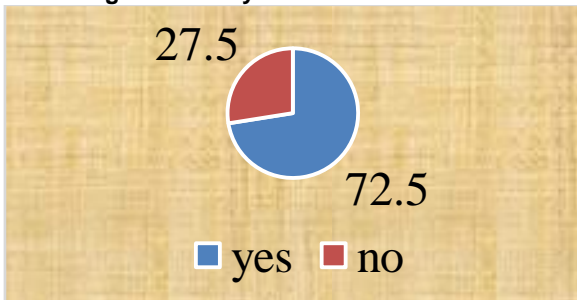
Figure: 5 Mode of payment is used after demonetization



Interpretation

Table – 3.5 shows the mode of payment is used after Demonetization. According to this table, some respondents i.e. 27.5% are used cash, 2.5% respondents are used cheque, 2.5% respondents are used paytm, 1.3% respondents are used others, 66.3% respondents are used cash, cheque and paytm.

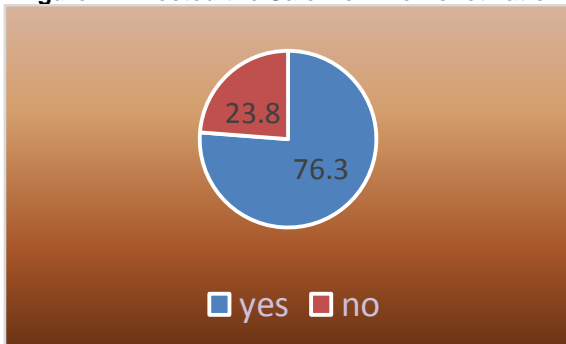
Figure: 6 today Settled the business



Interpretation

Table – 3.6 shows the business are settled today. According to this table, most of the respondent's i.e.72.5% said yes to this step. And some respondent's i.e.27.5% said no, it is not settled today for business.

Figure: 7 Affected the Sale from Demonetization

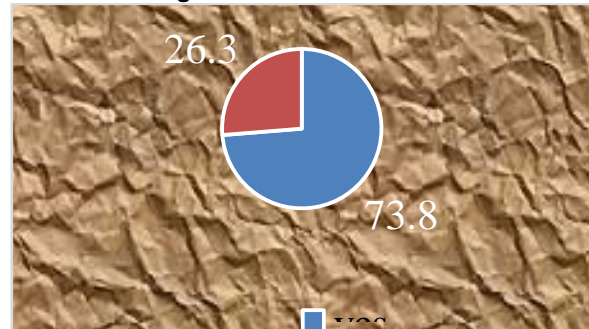


Interpretation

Table 3.7 shows demonetization affected your sales. According to this table, business of most of the respondents i.e. 76.3% had affected sale. And

some respondents i.e. 23.8% was not affected any kind of sale of business.

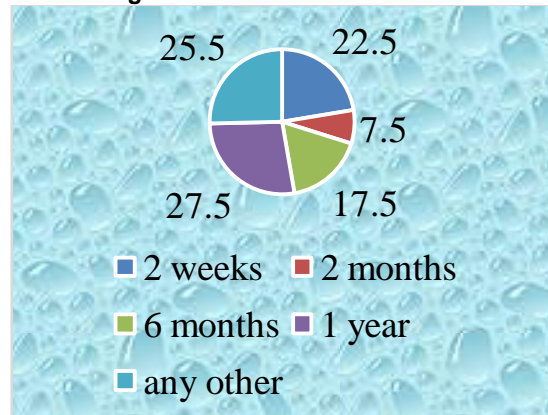
Figure: 8 Demonetization Has Negatively Affected You More Being in the Retail Sector



Interpretation

Table – 3.8 shows the Demonetization has negatively affected in the retail sector. According to this table, most of the respondents i.e. 73.8% have negative affect in the retail sector. Some respondents i.e. 26.3% have not affected negatively in the retail sector.

Figure: 9 Return To Normal Sales



Interpretation

Table – 3.9 shows the 22.5% respondents are return to normal the business within two weeks. 7.5% retailers are return to normal business within

two months. 17.5% respondents are normal business within six months. 27.5% retailer is the average

business within one year. 25% retailers are not return to normal business till now.

Testing of Hypothesis

Good step business * good step country Cross tabulation Count

		Good step country		Total
		Yes	no	
Good step business	yes	26	1	27
	No	31	22	53
Total		57	23	80

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	12.481 ^a	1	.000		
Continuity Correction ^b	10.703	1	.001		
Likelihood Ratio	15.492	1	.000		
Fisher's Exact Test				.000	.000
Linear-by-Linear Association	12.325	1	.000		
N of Valid Cases	80				

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 7.76.

b. Computed only for a 2x2 table

Interpretation of chi square test

This table shows the Pearson chi-square value is 12.481 which is significant at p value .000 at 1 degree of freedom and state that there is relationship between good step business and good step country. Thus our null hypothesis that there is no significant relationship between good step business and good step country is rejected.

Scope of Future Possibility

While this study disclose certain aspects of impact of demonetization of retailer. It is various platforms for the future research in order to determine impact of demonetization in India.

1. Compression study of demonetization between retail industries and company.
2. Compression study that time of demonetization between the behavior of customer and retailer.

Conclusion

The decision of demonetization was a violent fiscal process in which a currency units status as a legal tender was declared invalid. This is generally finished at any time, there is a change of national currency, exchanging the old currency with new currency. Its main objectives was to stop fake money, remove the black currency from economy, terrorism and corruption.

We found that business of retail sector is negatively affected by demonetization. Most of the problem they faced are lack of liquidity, changing money, decreased the sale and two week closed the business. The respondents i.e. 66.3% are in opinion that this step was not good for business. But the opinion of 71.3% respondents towards this step was good for country because exchanged old currency with new currency, dropped the black money and

finished the corruption. Because of demonetization, many corrupt people came in front of government. It could help in completely removing the black money also. Most of the respondents i.e. 78.8% were used cash before demonetization. In this time 66.3% respondents were used cash, cheque and paytm respectively. It increased online transaction. Because of demonetization, the sale has been decreased up to 70% and no earn the profit. But mostly respondents have settled their business today.

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