

CHAPTER -1

INTRODUCTION

Demonetization is a generations' memorable experience and is going to be one of the economic events of our time. Its impact is felt by every Indian citizen. Demonetization affects the economy through the liquidity side. Its effect will be a telling one because early 86% of currency value in circulation was withdrawn without replacing bulk of it. As a result of the withdrawal of Rs 500 and Rs 1000 notes, there occurred huge gap in the currency composition as after Rs 100; Rs 2000 is the only denomination. Absence of intermediate denominations like Rs 500 and Rs 1000 will reduce the utility of Rs 2000. Effectively, this will make Rs2000 less useful as a transaction currency though it can be a store value denomination. Demonetization technically is a liquidity shock; a sudden stop in terms of currency availability. It creates a situation where lack of currencies jams consumption, investment, production, employment etc. In this context, the exercise may produce following short term/long term/,consumption/investment, welfare/growth impacts on Indian economy. The intensity of demonetization effects clearly depends upon the duration of the liquidity shocks. Following are the main impacts.

Even after the passage of two years since the government withdrew high value currency notes from the market, dust is yet to settle down on the issue, with both support and opposition stacked up in equal measure. While some cash-intensive sectors of the industry like real estate and agriculture have been hit hard, some others including insurance seem to have benefited from the immediate aftermath.

For record, Prime Minister NarendraModi, on 8 November, announced that Rs 500 and Rs 1,000 notes were no longer a valid tender, stating the move was targeted to curb terror financing, black money, and counterfeit currency.

1.2 SIGNIFICANCE OF THE STUDY

Demonetization is an outstanding step in the Indian History to curtail the black money and counterfeiting of Indian currency. This step is also an outbreak for the promotion of organized retailing and the Digital India Campaign. This study will identify the

impact of demonetization on the Indian Retail Industry with specific to Indian unorganized retailing.

1.3 STATEMENT OF THE PROBLEM

After 10th Dec, 2016, When the Indian retail store had stopped the acceptance of demonetized notes of 500 and 1000 rupees notes and the supply of new currency was in scarcity. The sales had been affected due to the aforesaid reasons. The impact on sales decrease is more on unorganized sector that was 30 to 40 percent than the organized sector where the sales decrease was 0 to 10 percent as they provide alternative mode of payment that is payment through debit and credit cards.

1.4 OBJECTIVES OF THE STUDY

- To study the effectiveness of demonetization in retail sector
- To analyze the problems faced by retailers after demonetization
- To analyze how the retailers are recovered the problems with demonetization
- To study whether the retailers are satisfied or not with demonetization
- To find out what is the most preferred mode of payment acceptance among retailers

1.5 SCOPE OF THE STUDY

The scope of the study on retailers and demonetization involves a thorough investigation into the impacts, challenges, and adaptations experienced by retailers in response to demonetization policies. This encompasses analyzing changes in consumer behavior, shifts in payment preferences, disruptions in supply chains, alterations in inventory management strategies, and the overall financial implications for retailers. Additionally, the study will explore the role of government policies, technological advancements, and regulatory frameworks in mitigating the effects of demonetization on retail businesses. By examining these aspects, the study aims to provide insights into the resilience and adaptability of retailers in navigating economic shocks and to offer recommendations for policymakers and industry stakeholders to support the retail sector's recovery and growth in the aftermath of demonetization.

1.6 RESEARCH METHODOLOGY

Descriptive research is a quantitative research method that attempts to collect quantifiable information to be used for statistical analysis of the population sample.

1.6.1 SAMPLE TYPE

Sampling plays a vital role in deciding the quality of any project while doing this survey it is felt to conduct the survey for consumers under convenient sampling method. Convenience sampling was adopted for retailers where the sample units are chosen primarily on the basis of the convenience of the investigators. The sample size was determined as 50 retailers in Kannur district.

1.6.2 SAMPLE SIZE

Sample size is the number of persons chosen, for data collection. Here 50 retailers are the sample size of the study.

1.6.3 SAMPLING TECHNIQUES

Primary data were collected for analysis. To gather primary data a survey was conducted among the respondents by using questionnaire. For the data collection convenience sampling techniques was used. Convenience sampling is one in which a sample is obtained by selecting such units of the universe which may be conveniently located and contacted. Here the researcher chooses the sampling units on the basis of convenience. Fifty respondents were interviewed by taking fifteen days.

1.6.4 SOURCE OF DATA

Both primary and secondary data were collected for the purpose of study.

- **PRIMARY DATA**

The primary data has been collected from the respondents through interview, questionnaire, by self observation and by visiting the retailers frequently.

- **SECONDARY DATA**

The secondary source of data includes books, journals, magazine and internet.

1.6.5 TOOLS FOR DATA COLLECTION

The structured questionnaire is by far most common instrument in collecting primary data. Quite often questionnaires are considered as the heart of survey operation. For collecting primary data from customers, a set of questions will be prepared. These set of questions prepared to Respondents through different methods for getting their answers.

In the context of the present study, the following statistical tools have been used:

- **PERCENTAGES:**

Percentages are used to describe relationships, since they reduce everything to a common base and there by allow meaningful comparisons to be made.

1.7 LIMITATIONS OF THE STUDY

- a) Some of the respondents did not have enough time to go through the questionnaire.
- b) The study is based on the information collected through questionnaire, so there may be the chances of bias.
- c) The survey is limited various locations of Kannur district and also the study cannot be generalized to other geographical areas.
- d) Since the sample size was limited, so scope of the study is confined to the small group of customers

1.8 CHAPTER SCHEME

The study has been divided in to 5 chapters

- The first chapter deals with Introduction of the study.
- The second chapter deals with Review of literature
- The third chapter deals with Theoretical frame work of the study.
- The fourth chapter deals with Data analysis and interpretations of the study.
- The final chapter furnishes the findings, suggestions and conclusion for the study.