**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 Its effect will be a telling one because early 86% of currency value in circulation was withdrawn without replacing bulk of it.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](https://www.questionpro.com/blog/quantitative-research/) method that attempts to collect quantifiable information to be used for statistical analysis of the population sample.

* + 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 unites are chosen primarily on the basis of the convenience of the investigators. The sample size was determined as 50 retailers in Kannur district.

* + 1. **SAMPLE SIZE**

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

* + 1. **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**

* 1. Some of the respondents did not have enough time to go through the questionnaire.
  2. The study is based on the information collected through questionnaire, so there may be the chances of bias.
  3. The survey is limited various locations of Kannur district and also the study cannot be generalized to other geographical areas.
  4. 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.

**CHAPTER-2**

**REVIEW OF LITERATURE**

M. Angel Jasmine Shirley (February, 2017) has studied about the “Impact of Demonetization in India” in her research paper. In the first part of the paper, the impact over Indian economy had been explained. As per the research, the BSE SENSEX and NIFTY 50 stock had been fall near about 6% on the very next day. Moreover on the later on days, the country felt severe shortage of the cash. Moreover due to lack of cash overall production had decreased. Banks had not enough new currency for the exchange of the old notes, which breakdown the overall economic system. Moreover in the paper impact of the demonetization over world economy also shown. The first thing that happened after demonetization was decrement in to overall consumption of commodities which results in to decrease in the export-import. Moreover there was a major impact over the domestic sectors, reduction in the Government liability, farming and fishing industry, business, drop in industrial output, black money, impact over counterfeit currency, hawala, bank deposits, jewellery and real estate, IT sector etc. Findings in this sectors says that, though demonetization is a good concept to grab the black money holders, most of black money is kept in form of land, gold, real estate etc. “Not all black money is in cash, not all cash is black money”. People face too much inconveniency due to improper planning about post demonetization. Moreover for number of days they had spent their time by standing in queues. To decline over all negative impact of it, ways are to focusing over tax aspect, cash availability, and elimination of loopholes.

Sherline T.I (December 2016) has undertaken the research on “Demonetization as a prelude to complete financial inclusion “. The main objective of the study was to understand the importance of demonetization as a measure of financial inclusion. Financial inclusion mainly stands for, the delivery of the financial services at the affordable cost to the low income segments of society. As per the report financial inclusion can boost the savings as well as credit availability. The study shows that this move of the Government has likely to create long term benefits. Moreover medium to long term Current account and Saving account (CASA) ratio could improve. Moreover demonetization would reduce cash transaction the real estates, which may decrease the price of that avenues which make it affordable to general public. Moreover the near future inflation will decrease due to less cash transaction. Demonetization Of Currency Notes(2017): Significance And Challenges, Mr. Sharif Mohd., Demonetization is the act of stripping a currency unit of its status as legal tender. Demonetization is necessary whenever there is a change of national currency. The old unit of currency must be retired and replaced with a new currency unit. The demonetization was done in an effort to stop the counterfeiting of the current banknotes alleged to be used for funding terrorism and for cracking down on black money in the country. Following the announcement by the Prime Minister the Governor of the Reserve Bank of India (RBI), Urjit Patel made a press release with details on the procedure for exchanging the 500 and 1000 rupee notes that are currently in circulation. On 8 November, other than the notification that these denomination will be discontinued. The present study has been deals with the announcement of demonetization of currency notes (500, 1000) its needs and challenges faced by the society. Secondary data has been used for study which is collected from different newspapers and websites. Hence, it can be concluded that apart from disrupting daily lives of the common citizen, there are even bigger implications for the economy as a whole. Politics and various elections are known to run on cash. Same is the case with sectors such as real estate. The rural areas in particular, which do not have formal sources of banking, also deal largely in cash. Unorganized labour, including in urban households, such as domestic workers and drivers, are paid in cash, and mostly in these denominations. It is too early to even imagine the impact on all sections of society and parts of the economy. The advantages of this move, though, will be felt only in the long-term. While formal modes of payments such as debit and credit cards, net-banking and digital wallets should get a boost, this will take a long time to be felt simply because the proliferation of these products is still low among the middle classes and the poor, for whom cash is still the predominant mode of transactions. The government’s move is bold in its intent and massive in its measure. Arguably, this is Modi’s biggest move since he was elected prime minister. While the intent is clear, the implementation and impact is yet to be seen

**CHAPTER-3**

**PROFILE OF THE STUDY**

**3.1 THEORETICAL FRAMEWORK**

**DEMONITIZATION :**

Coins and bank notes may cease to be “legal tender” it new notes of the same currency replace them or it a new currency is introduced replacing the former one.

Legal tender is a medium payment recognized by a legal system to be valid for meeting a financial obligation. Paper currency and coins are common forms of legal tender in many countries.

Coins and bank notes are usually defined as legal tender.

There are various reasons why nations demonetize their local units of currency.

1. To combat inflation
2. To combat corruption and crime (counter feiting, tax evasion)
3. To discourage a cash-dependent economy
4. To facilitate trade

**CURRENCYY IN CIRCULATION IN INDIA**

The Reserve bank has introduced banknotes in the Mahatma Gandhi series since 1996 and has so far issued notes in the denominations of ` 5, ` 20, , ` 50, ` 100 , , ` 500 and , ` 1000 in this series

Note: figures in parentheses represent the percentage share in total

**DEMONETIZATION IN INDIA**

On the evening of 8 November 2016, at 8:15 pm, Prime Minister of india, Shri Narendra Modi addressed the nation in live telecast and declared demonetization, the circulation of 500 and Rs. Bank noted of the mahatma Gandhi series as invalid effective i.e.would no longer be considered as a legal tender and announced the issue of new Rs.500 and Rs.200 bank notes of new series of the mahatma Gandhi notes.

However, Government Hospitals, petrol, CNG and gas stations, Railways and Airlines tickets booking counters, state-government recognized milk diaries and ration stores and cream tourisms, were allowed to accept the banned ` .50 and `.1000 bank notes until and 12nd December 2016.

Historical facts about demonetization in Indicates back to the time when various rulers related this country, the instances of demonetization in India are:

1. On 12th January 1946, `.500 ,`.1000 and `.1000 notes were declared invalid as legal tends.
2. New notes of `.1000, `.5000 and , `..10ooo came in to economy in 11954.
3. On 16th January 1978, the Morarji Desai legal Janatja Party demonetized bank notes of , 1000, 5000 and 10,000
4. RBI Introduced a new banknotes of `500 in to the economy in 1987 to contain inflate
5. On 8th November 2016, the Old banknotes of 500 and `..1000 2were barred from beinglegal tender and new notes of 500 .2000 were san introduced. Also Denominations of 1,2,3,5,10,20 and 25 paise were in circulation till June 30, 2011 but were then withdrawn. 50 paise coins are still in circulations called as rupee coins.

**PURPOSE OF DEMINITIZATION**

After the PM Modi’s announcement of a demonetization, Urjith patel the governor of the Reverse bank of India and shatikanta pas the Economic affairs secretary held a press conference and explained purpose of demontizing the `500 and `1000 banknotes was as follows.

* To tackle the problem of black money in India
* To Stop terror financing
* To get India free from corruption
* To make the corrupt lose their money
* To get anyone to have bank account
* To maintain the parallel economy to formed economy.
* Encourage deposit base and savings
* For cashless society.
* For cracking down the fake currency notes (counterfeit notes)
* To give boost to white economy.

**PROCEDURE OF DEMONETIZATION**

The Reserve bank of India set fourth period of 50 days until December 30, 1026 to deposit the demonetized notes as a credit in their respective bank account.

**Overview of Retail Sector**

All over the world, retailing is undergoing a process of evolution and is poised to undergo dramatic transformation. With special reference to India, the retail sector employs over 10 percent of the national work force but is characterized by a high degree of fragmentation with over 5 million outlets, 96 percent of whom are very small with an area of less than 50 m2. The retail universe doubled between 1986 and 2006 and the number of outlets per 1000 people at an All India Level increased from 4.9 in 1988 to 14.8 in 2006. Because of their small size, the Indian Retailers have very little bargaining power with manufacturers and perform only a few of the flows in marketing channels unlike in the case of retailers in developed countries.

The corner grocer or the 'Kirana' Store is a key element in the retail in India due to the housewife’s unwillingness to go long distances for purchasing daily needs. Although convenience and merchandise were the two most important reasons for choosing a store, the choice interia varied across product categories. Convenience was indicated by consumers as the most important reason in the choice of groceries and fruit outlets, chemists and life style items while merchandise was indicated as the most important in durables, books and apparel.

**Organized and Unorganized Retailing**

Indian retail industry is divided into two sectors – organized and unorganized. Organized retail sector refers to the sectors undertaken by licensed retailers, that is, those who are registered for tax on moveable commodities at times of sales under VAT system. At present the name of the tax is commerce tax. These include the corporate retail formats of the exclusive brand outlets, hypermarkets, departmental stores and shopping malls.

Unorganized retailing on the other hand, refers to the traditional formats of low cost retailing, for example, hand cart and pavement vendors, the local kirana shops, owner-manned general stores, paan/beedi shops, convenience stores, hardware shop at the corner of your street selling everything from bathroom fittings to paints and small construction tools; or slightly more organized medical store and a host of other small retail businesses in apparel, electronics, etc.

**SYSTEMS OF MONEY AND SURVEY OF DEMONETIZATION**

**BARTER SYSTEM IN INDIA**

A barter system is an old method of exchange. This system has been used for centuries and long before money was invented. People exchanged services and goods for other services and goods in return. Today, bartering has made a comeback using techniques that are more sophisticated to aid in trading; for instance, the Internet. In ancient times, this system involved people in the same area, however today bartering is global. The value of bartering items can be negotiated with the other party. Bartering doesn't involve money which is one of the advantages. You can buy items by exchanging an item you have but no longer want or need. Generally, trading in this manner is done through Online auctions and swap markets.

**History of Bartering**

The history of bartering dates all the way back to 6000 BC. Introduced by Mesopotamia tribes, bartering was adopted by Phoenicians. Phoenicians bartered goods to those located in various other cities across oceans. Babylonian's also developed an improved bartering system. Goods were exchanged for food, tea, weapons, and spices. At times, human skulls were used as well. Salt was another popular item exchanged. Salt was so valuable that Roman soldiers' salaries were paid with it. In the Middle Ages, Europeans traveled around the globe to barter crafts and furs in exchange for silks and perfumes. Colonial Americans exchanged musket balls, deer skins, and wheat. When money was invented, bartering did not end, it become more organized.

Due to lack of money, bartering became popular in the 1930s during the Great Depression. It was used to obtain food and various other services. It was done through groups or between people who acted similar to banks. If any items were sold, the owner would receive credit and the buyer's account would be debited.

**Disadvantages and Advantages of Bartering**

Just as with most things, there are disadvantages and advantages of bartering. A complication of bartering is determining how trustworthy the person you are trading with is. The other person does not have any proof or certification that they are legitimate, and there is no consumer protection or warranties involved. This means that services and goods you are exchanging may be exchanged for poor or defective items.

**MONEY SYSTEM**

Money is the commonly accepted medium of exchange. In an economy which consists of only one individual there cannot be any exchange of commodities and hence there is no role for money. Even if there are more than one individual but they do not take part in market transactions, such as a family living on an isolated island, money has no function for them. However, as soon as there are more than one economic agent who engage themselves in transactions through the market, money becomes an important instrument for facilitating these exchanges. Economic exchanges without the mediation of money are referred to as barter exchanges. However, they presume the rather improbable double coincidence of wants. Consider, for example, an individual who has a surplus of rice which she wishes to exchange for clothing. If she is not lucky enough she may not be able to find another person who has the diametrically opposite demand for rice with a surplus of clothing to offer in exchange. The search costs may become prohibitive as the number of individuals increases. Thus, to smoothen the transaction, an intermediate good is necessary which is acceptable to both parties. Such a good is called money. The individuals can then sell their produces for money and use this money to purchase the commodities they need. Though facilitation of exchanges is considered to be the principal role of money, it serves other purposes as well. Following are the main functions of money in a modern economy.

**ECONOMIC SURVEY ON DEMONITIZATION**

This year’s survey is out and has a full chapter dedicated to on the aspect of “Demonetization”, which is summarized in this article Survey describes **Demonetization** as a radical governance-cum-social engineering measure, radical and unprecedented step with short term costs and long term benefits where the aim of the action was:

* to curb corruption,
* the use of high denomination notes for terrorist activities, and
* The accumulation of “black money”, generated by income that has not been declared to the tax authorities.
* To signal a regime change, emphasizing the government’s determination to penalize illicit activities and the associated wealth.

Survey also describes ‘Demonitization’ as unique and unprecedented in international economic history, as it combines secrecy and suddenness amidst normal political and economic conditions. All other steps in the world were under the conditions of hyperinflation, wars and political upheavals.

Survey also called this move as unconventional monetary policy because, in the wake of Global Financial crisis (GFC) advanced economies used monetary policy to stimulate growth like negative interest rates and “**helicopter drops**” (referring to expansion of money supply) of money. This move was reverse of it, it has reduced the cash supply, hence it could be considered “**helicopter hoover”**

The survey says that the action was taken as follow-up step to a series of earlier efforts to curb such illicit activities.

1. Creation of the Special Investigation Team (SIT) in the 2014 budget;
2. The Black Money Act, 2015;
3. The Benami Transactions Act of 2016;
4. The information exchange agreement with Switzerland;
5. Changes in the tax treaties with Mauritius and Cyprus; and
6. The Income Disclosure Scheme.

**IMPACT OF DEMONETIZATION IN INDIA**

Demonitization means that Reserve Bank of India has withdrawn the old ₹500 and ₹1000 notes as an official mode of payment. According to Investopedia, demonitization is the act of stripping a currency unit of its status as legal tender.

**1)Black Money**

Black money stored in the form of ₹500 and ₹1000 notes will be taken out of our system. As predicted by ICICI Securities Primary Dealership the government's plan to scrap ₹500 and ₹1,000 notes will uncover up to ₹4.6 lakh crore in black money.

**2) Terror Funding**

Fake Indian Currency Notes (FICN) network will be dismantled by the demonitisation measures. Taking out 500 and 1000 rupee notes out of circulation will have a lasting impact on the syndicates producing FICN's, thus affecting the funding of terror networks in Jammu and Kashmir, North-eastern states and Naxalite hit states.

**3) Real estate may see significant course correction**

The demonitization decision is expected to have far reaching effects on real estate. Resale transactions in the real estate sector often have a significant cash component as it reduces incidence of capital gains tax. Black money was responsible for sharp appreciation of properties in metros.

**4) Political parties in crisis ahead of polls**

With nearly five state elections in 2017, demonitization has stunned political parties. Especially, in large states like Punjab and Uttar Pradesh, cash donations are a huge part of "election management”. In one stroke, big parties will find themselves hamstrung as cash hoards are often undeclared money. Parties will have to completely rejig campaign strategies in light of expected cash crunch.

**5) Moving towards digital payments**

Demonitization will likely result in people adopting virtual wallets such as Paytm, Ola Money etc. This behavioural change could be a game changer for India. Govt. is also introducing schemes of discounts for digital transactions. E.g.: Fuel stations/Railway tickets/Life Insurance etc.

**6) Temporary chaos and confusion**

Public will face minor problem for a few days owing to the scarcity of lower denomination notes in the system.

**7) Reduction of interest rates**

With rise in deposits with banks, there is increased likelihood that interest rates would fall in the near future.

**CHAPTER-4**

**DATA ANALYSIS AMD INTERPRETATION**

**TABLE 4.1**

**PERIOD OF USING THE BUSINESS**

|  |  |  |
| --- | --- | --- |
| **Year** | **No. of respondents** | **Percentage** |
| Less than a year | 9 | 18 |
| 2 – 4 year | 11 | 22 |
| 4 -7 year | 5 | 10 |
| More than 7 year | 25 | 50 |
| **Total** | **50** | **100** |

Source: primary data

**FIGURE 4.1**

**PERIOD OF USING THE BUSINESS**

**INTERPRETATION**

Above table shows 18% of respondents have less than one year experience in the business. 22% of respondents have 2 – 4 years of experience, 10% have 4 – 7 years and 50% of respondents have more than 7 years of experience.

**TABLE 4.2**

**RESPONSE TO FIRST IMPRESSION WHEN HEARD ABOUT DEMONETIZATION**

|  |  |  |
| --- | --- | --- |
| **Opinion** | **No. of respondents** | **Percentage** |
| It remove black money from economy | 10 | 20 |
| It will effects small and medium retailers | 35 | 70 |
| Common will suffer | 5 | 10 |
| **Total** | **50** | **100** |

Source: primary data

**FIGURE 4.2**

**RESPONSE TO FIRST IMPRESSION WHEN HEARD ABOUT DEMONETIZATION**

**INTERPRETATION**

Above table shows 20% of respondents think demonetization will remove black money from the economy, 10% think common people will suffer and 70% of respondents think it will effects small and medium retailers.

**TABLE 4.3**

**RESPONSE TO HOW MUCH CURRENCY IN HAND WHEN THE DEMONETIZATION ANNOUNCED**

|  |  |  |
| --- | --- | --- |
| **Opinion** | **No. of respondents** | **Percentage** |
| Below 10000 | 25 | 50 |
| 10000 -25000 | 10 | 20 |
| 25000 – 50000 | 8 | 16 |
| More than 50000 | 7 | 14 |
| **Total** | **50** | **100** |

Source: primary data

**FIGURE 4.3**

**RESPONSE TO HOW MUCH CURRENCY IN HAND WHEN THE DEMONETIZATION ANNOUNCED**

**INTERPRETATION**

Above table shows 50% of respondents have below 10000 in their hand before demonetization announced., 20% have 10000 – 25000, 16% have 25000 – 50000 and 14% have more than 50000.

**TABLE 4. 4**

**RESPONSE TO THINK DEMONETIZATION AFFECT YOUR RETAIL SHOP**

|  |  |  |
| --- | --- | --- |
| **Opinion** | **No. of respondents** | **Percentage** |
| Yes | 50 | 100 |
| No | 0 | 0 |
| **Total** | **50** | **100** |

Source: primary data

**FIGURE.4**

**RESPONSE TO THINK DEMONETIZATION AFFECT YOUR RETAIL SHOP**

**INTERPRETATION**

Above table shows all of the respondents have the view that demonetization will affect your retail shop.

**TABLE 4. 5**

**RESPONSE TO HAVE DIGITAL PAYMENT FACILITY BEFORE DEMONETIZATION**

|  |  |  |
| --- | --- | --- |
| **Opinion** | **No. of respondents** | **Percentage** |
| Yes | 18 | 36 |
| No | 32 | 64 |
| **Total** | **50** | **100** |

Source: primary data

**FIGURE 4.5**

**RESPONSE TO HAVE DIGITAL PAYMENT FACILITY BEFORE DEMONETIZATION**

**INTERPRETATION**

Above table shows 64% of respondents don’t have digital payment facility before demonetization and 36% of respondents have digital payment facility.

**TABLE 4. 6**

**RESPONSE TO GETTING DELAY IN DELIVERY OF ORDERED STOCK ITEMS AFTER DEMONETIZATION**

|  |  |  |
| --- | --- | --- |
| **Opinion** | **No. of respondents** | **Percentage** |
| Strongly agree | 31 | 62 |
| Agree | 12 | 24 |
| Neutral | 7 | 14 |
| Disagree | 0 | 0 |
| Strongly Disagree | 0 | 0 |
| **Total** | **50** | **100** |

Source: primary data

**FIGURE 4.6**

**RESPONSE TO GETTING DELAY IN DELIVERY OF ORDERED STOCK ITEMS AFTER DEMONETIZATION**

INTERPRETATION

Above table shows response to getting delay in delivery of ordered stock items after demonetization. 62% of respondents strongly agreed, 24% agreed, 14% are neutral and none of them disagreed or strongly disagreed with this statement.

**TABLE 4. 7**

**RESPONSE TO FACING DIFFICULTY AFTER DEMONETIZATION**

|  |  |  |
| --- | --- | --- |
| **Opinion** | **No. of respondents** | **Percentage** |
| Strongly agree | 15 | 30 |
| Agree | 22 | 44 |
| Neutral | 6 | 12 |
| Disagree | 4 | 8 |
| Strongly Disagree | 3 | 6 |
| **Total** | **50** | **100** |

Source: primary data

**FIGURE 4.7**

**RESPONSE TO FACING DIFFICULTY AFTER DEMONETIZATION**

**INTERPRETATION**

Above table shows response to facing difficulty in paying of transportation after demonetization. 30% of respondents strongly agreed, 44% agreed, 12% are neutral, 8% disagreed and 6% strongly disagreed with this statement.

**TABLE.4. 8**

**RESPONSE TO SALES TURNOVER DECREASED AFTER DEMONETIZATION**

|  |  |  |
| --- | --- | --- |
| **Opinion** | **No. of respondents** | **Percentage** |
| Strongly agree | 31 | 62 |
| Agree | 19 | 38 |
| Neutral | 0 | 0 |
| Disagree | 0 | 0 |
| Strongly Disagree | 0 | 0 |
| **Total** | **50** | **100** |

Source: primary data

**FIGURE 4.8**

**RESPONSE TO SALES TURNOVER DECREASED AFTER DEMONETIZATION**

**INTERPRETATION**

Above table shows response to sales turnover decreased after demonetization. Above table shows 62% of respondents strongly agreed, 38% disagreed and none of them disagreed or strongly disagreed with this statement.

**TABLE 4. 9**

**RESPONSE TO ACCEPTANCE OF PLASTIC MONEY INCREASED SALES TURNOVER**

|  |  |  |
| --- | --- | --- |
| **Opinion** | **No. of respondents** | **Percentage** |
| Strongly agree | 14 | 28 |
| Agree | 12 | 24 |
| Neutral | 20 | 40 |
| Disagree | 4 | 8 |
| Strongly Disagree | 0 | 0 |
| **Total** | **50** | **100** |

Source: primary data

**FIGURE.4.9**

**RESPONSE TO ACCEPTANCE OF PLASTIC MONEY INCREASED SALES TURNOVER**

**INTERPRETATION**

Above table shows response to acceptance of plastic money increased sales turnover. 28% of respondents strongly agreed, 24% agreed, 40% are neutral, 8% disagreed and none of them strongly disagreed with this statement.

**TABLE 4. 10**

**RESPONSE TO THE USAGE OF E-WALLETS HELPED TO OVERCOME THE ISSUES**

|  |  |  |
| --- | --- | --- |
| **Opinion** | **No. of respondents** | **Percentage** |
| Strongly agreed | 8 | 16 |
| Agreed | 10 | 20 |
| Neutral | 6 | 12 |
| Disagreed | 17 | 34 |
| Strongly Disagreed | 9 | 18 |
| **Total** | **50** | **100** |

Source: primary data

**FIGURE 4.10**

**RESPONSE TO THE USAGE OF E-WALLETS HELPED TO OVERCOME THE ISSUES**

**INTERPRETATION**

Above table shows 16% of respondents strongly agreed that E-wallets like paytm, bheemetc helped them to over come the issues, 20% agreed, 12% are neutral, 34% disagreed and 18% strongly disagreed.

**TABLE. 4.11**

**RESPONSE TO THE RENT AND SERVICE CHARGES OF POS MACHINES ARE AFFORDABLE**

|  |  |  |
| --- | --- | --- |
| **Opinion** | **No. of respondents** | **Percentage** |
| Strongly agreed | 4 | 8 |
| Agreed | 6 | 12 |
| Neutral | 12 | 24 |
| Disagreed | 18 | 36 |
| Strongly Disagreed | 10 | 20 |
| **Total** | **50** | **100** |

Source: primary data

**FIGURE.11**

**RESPONSE TO THE RENT AND SERVICE CHARGES OF POS MACHINES ARE AFFORDABLE**

**INTERPRETATION**

Above table shows response to the rent and service charges of POS machines are affordable. 8% strongly agreed with this, 12% agreed, 24% neutral, 36% disagreed and 20% strongly disagreed with this factor.

**TABLE. 4 12**

**RESPONSE TO BUSINESS WILL BE BETTER IN POST DEMONETIZATION PERIOD IN COMPARISON WITH PRE DEMONETIZATION PERIOD**

|  |  |  |
| --- | --- | --- |
| **Opinion** | **No. of respondents** | **Percentage** |
| Strongly agreed | 5 | 10 |
| Agreed | 7 | 14 |
| Neutral | 8 | 16 |
| Disagreed | 18 | 36 |
| Strongly Disagreed | 12 | 24 |
| **Total** | **50** | **100** |

Source: primary data

**FIGURE 4.12**

**RESPONSE TO BUSINESS WILL BE BETTER IN POST DEMONETIZATION PERIOD IN COMPARISON WITH PRE DEMONETIZATION PERIOD**

**INTERPRETATION**

Above table shows response to business will be better in post demonetization period in comparison with pre demonetization period. 10% of respondents strongly agreed, 14% agreed, 16% are neutral, 36% disagreed and 24% strongly disagreed with this statement.

**TABLE 4.13**

**SATISFACTION WITH THE BUSINESS AFTER DEMONETIZATION**

|  |  |  |
| --- | --- | --- |
| **Opinion** | **No. of respondents** | **Percentage** |
| Highly satisfied | 6 | 12 |
| Satisfied | 8 | 16 |
| Neutral | 15 | 30 |
| Dissatisfied | 11 | 22 |
| Highly dissatisfied | 10 | 20 |
| **Total** | **50** | **100** |

Source: primary data

**FIGURE 4.13**

**SATISFACTION WITH THE BUSINESS AFTER DEMONETIZATION**

**INTERPRETATION**

Above table shows 12% of respondents are highly satisfied with the business after demonetization, 16% of respondents are satisfied, 30% of respondents are neutral, 22% of respondents are dissatisfied and 20% of respondents are highly dissatisfied.

**TABLE. 4 14**

**RESPONSE WITH THE SERVICES PROVIDED BY YOUR BANK FOR DIGITAL PAYMENT ARE SATISFACTORY**

|  |  |  |
| --- | --- | --- |
| **Opinion** | **No. of respondents** | **Percentage** |
| Highly satisfied | 14 | 28 |
| Satisfied | 6 | 12 |
| Neutral | 5 | 10 |
| Dissatisfied | 18 | 36 |
| Highly dissatisfied | 7 | 14 |
| **Total** | **50** | **100** |

Source: primary data

**FIGURE 4.14**

**RESPONSE WITH THE SERVICES PROVIDED BY YOUR BANK FOR DIGITAL PAYMENT ARE SATISFACTORY**

**INTERPRETATION**

Above table shows 28% of respondents are highly satisfied with the services provided by the bank for digital payments, 12% are satisfied, 10% are neutral, 36% are dissatisfied and 14% are highly dissatisfied.

**TABLE. 4.15**

**RESPONSE TO THE PROFITABILITY OF BUSINESS AFTER DEMONETIZATION IS SATISFACTORY**

|  |  |  |
| --- | --- | --- |
| **Opinion** | **No. of respondents** | **Percentage** |
| Highly satisfied | 3 | 6 |
| Satisfied | 6 | 12 |
| Neutral | 5 | 10 |
| Dissatisfied | 21 | 42 |
| Highly dissatisfied | 15 | 30 |
| **Total** | **50** | **100** |

Source: primary data

**FIGURE 4.15**

**RESPONSE TO THE PROFITABILITY OF BUSINESS AFTER DEMONETIZATION IS SATISFACTORY**

**INTERPRETATION**

Above table shows 6% of respondents are highly satisfied with the profitability of business after demonetization, 12% are satisfied, 10% are neutral, 42% are dissatisfied and 30% are highly dissatisfied.

**TABLE 4. 16**

**RESPONSE TO THE SERVICES AND RENT OF POS MACHINES ARE SATISFACTORY**

|  |  |  |
| --- | --- | --- |
| **Opinion** | **No. of respondents** | **Percentage** |
| Highly satisfied | 7 | 14 |
| Satisfied | 17 | 34 |
| Neutral | 4 | 8 |
| Dissatisfied | 20 | 40 |
| Highly dissatisfied | 2 | 4 |
| **Total** | **50** | **100** |

Source: primary data

**FIGURE 4.16**

**RESPONSE TO THE SERVICES AND RENT OF POS MACHINES ARE SATISFACTORY**

**INTERPRETATION**

Above table shows 14% of respondents are highly satisfied with the rent of POS machines, 34% of respondents are satisfied, 8% of respondents are neutral, 40% of respondents are dissatisfied and 4% of respondents are highly dissatisfied.

**TABLE 4. 17**

**RESPONSE TO PREFER CASHLESS TRANSACTION THAN TRADITIONAL MODE OF PAYMENT**

|  |  |  |
| --- | --- | --- |
| **Opinion** | **No. of respondents** | **Percentage** |
| Strongly agree | 5 | 10 |
| Agree | 4 | 8 |
| Neutral | 9 | 18 |
| Disagree | 15 | 30 |
| Strongly Disagree | 17 | 34 |
| **Total** | **50** | **100** |

Source: primary data

**FIGURE 4.17**

**RESPONSE TO PREFER CASHLESS TRANSACTION THAN TRADITIONAL MODE OF PAYMENT**

**INTERPRETATION**

Above table shows 10% of respondents strongly agreed they prefer cashless transactions than traditional mode of payment, 8% agreed, 18% are neutral, 30% disagreed and 34% strongly disagreed with this statement.

**TABLE 4.18**

**RESPONSE TO AMONG THE CASHLESS TRANSACTIONS ACCEPTANCE OF PLASTIC MONEY THROUGH POS MACHINES ARE MORE COMFORTABLE**.

|  |  |  |
| --- | --- | --- |
| Opinion | No. of respondents | Percentage |
| Strongly agree | 29 | 58 |
| Agree | 11 | 22 |
| Neutral | 6 | 12 |
| Disagree | 4 | 8 |
| Strongly Disagree | 0 | 0 |
| Total | 50 | 100 |

Source: primary data

**FIGURE.18**

**RESPONSE TO AMONG THE CASHLESS TRANSACTIONS ACCEPTANCE OF PLASTIC MONEY THROUGH POS MACHINES ARE MORE COMFORTABLE**

**INTERPRETATION**

Above table shows among the cashless transactions acceptance of plastic money through POS machines are more comfortable. 58% of respondents strongly agreed, 22% of respondents agreed, 12% of respondents are neutral, 8% of respondents disagreed and none of them strongly disagreed with this statement.

**TABLE 4. 19**

**RESPONSE TO LIKE TO ACCEPT PAYMENT THROUGH E-WALLETS**

|  |  |  |
| --- | --- | --- |
| Opinion | No. of respondents | Percentage |
| Strongly agree | 14 | 28 |
| Agree | 26 | 52 |
| Neutral | 3 | 6 |
| Disagree | 7 | 14 |
| Strongly Disagree | 0 | 0 |
| Total | 50 | 100 |

Source: primary data

**FIGURE 4.19**

**RESPONSE TO LIKE TO ACCEPT PAYMENT THROUGH E-WALLETS**

**INTERPRETATION**

Above table shows response to like acceptance of plastic money through E-wallets. 28% of respondents strongly agreed, 52% of respondents agreed, 6% are netural, 14% disagreed and none of them strongly disagreed with this statement.

**TABLE 4. 20**

**RESPONSE TO PREFER BHIM MOBILE APPLICATION THAN OTHER PRIVATE MOBILE APPLICATIONS**

|  |  |  |
| --- | --- | --- |
| Opinion | No. of respondents | Percentage |
| Strongly agree | 7 | 14 |
| Agree | 8 | 16 |
| Neutral | 22 | 44 |
| Disagree | 5 | 10 |
| Strongly Disagree | 8 | 16 |
| Total | 50 | 100 |

Source: primary data

**FIGURE 4.20**

**RESPONSE TO PREFER BHIM MOBILE APPLICATION THAN OTHER PRIVATE MOBILE APPLICATIONS**

**INTERPRETATION**

Above table shows response to prefer BHM mobile application than other private mobile applications. 14% of respondents strongly agreed, 16% agreed, 44% are neutral, 10% disagreed and 16% strongly disagreed with this statement.

**CHAPTER-5**

**FINDINGS, SUGGESTIONS AND CONCLUSION**

**5.1 FINDINGS**

* Majority of respondents have more than 7 years of experience in retailing business
* 70% of respondent’s first impression about demonetization that it will effects small and medium retailers.
* Majority f respondents have less than 10000 cash in their hand
* All of the respondents stated that demonitiezation affected their shop
* Majority of respondents don’t have digital transaction facility before demonitiezation
* Almost all of the respondents faced problem with getting delay in delivery of ordered stock items after demonitiezation
* Almost all of the respondents faced difficulty after demonetizaton
* Majority of respondents agreed that sales turnover decresed after demonetizaton
* Majority f respondents are found to be neutral with the statement that acceptance of plastic money increased sales turnover
* Most of the respondents disagreed that the usage of E-wallets helped to overcome the issues.
* Most of the respondents disagreed that the service charges of pos machines are affordable
* Majority of respondents disagreed that the business will be better in post demonietization period in comparison with pre demonetization period
* Majority f the respondent’s satisfaction level was neutral with business after demonitiezation
* Most of the respondents are not disst6isfied with the services provided for digital payment facility
* Majority of respondents are dissatisfied with the profitability of business after demonetization
* Majority f the respondents dissatisfied with the service and rent of pos machines
* Most of the respondents strongly disagreed that they prefer cashless transaction than traditional mode of payment
* Majority of respondents strongly agreed that among the cashless transactions acceptance of plastic money through pos machines are more comfortable
* Most of the respondents strongly agreed that they like to accept payment through e wallets
* Majority of respondents are neutral with the statement that they prefer BHIM applications than other private mobile applications

**5.2 SUGGESTIONS**

* Demonitiezation caused the decline of sales in retail industry. So govt should take appropriate steps to ensure the smooth functioning of retail industry
* Demonitiezation caused the growth of E-payment system. But banks are charging service charges for E-payment system. Govt. should try to reduce the service charges of E-payments
* Demonitiezation caused the growth of E-commerce business. But in some areas like transportation, delay of ordered items etc. they are facing some problems too. The authorities should try to solve these issues.

**5.3 CONCLUSION**

India witnessed a historical decision in the month of November 2016, when Rs.500 and Rs.1000 notes were banned and completely withdrawn from the market, as per instructions of our Honorable Prime Minister Shri Narendra Modi. All of a sudden, there was a sudden growth of anxiousness amongst the Indian citizens as these were the highest denominations notes till date. From the study it can be concluded that demonetizations make both negative and positive impact on retailer sector. The retailer sector is most severely affected by demonetization than sector. The retailers faced many problems like transportation, demand of stock etc after demonetizations. From the study we can see that all of the retailers are anxious about the impact of demonetizations. The retailers are badly affected by demonetization and for the retailers they are not satisfied with the bank service charges for cashless transaction like digital payment and POS machines. So the demonetization paved the way for cashless transactions. Though retailers are found happy with the acceptance of digital payment they are not happy with the service charges.

**BIBLIOGRAPHY**

**BOOKS**

E, Gordon and K, Natarajan, *Financial Markets and services*, Himalaya Publishing House; Tenth edition, 2016.

Pandian, Punithavathy*, Financial Services and Markets*, Vikas Publishing House; First edition, December 2010

**JOURNAL**

Dave, Riju and Thanawala, Hiral, “Types of cashless transaction”, *The Economic Times*, November 2016

**WEB SITES**

<https://retail.economictimes.indiatimes.com/re-tales/demonetization-s-impact-on-indian-retail/1949>

**QUESTIONNAIRE**

Name of the organization:

Name:

Designation:

1. How long you have been doing this business?

Less than a year

2 – 4 year

4 – 7 year

More than 7 year

1. What was your first impression when you heard about demonetization?

It remove black money from economy

It will effects small and medium retailers

Common will suffer

1. How much currency did you have when the demonetization was announced :

Below 10000

10000 – 25000

25000 – 50000

More than 50000

1. Do you think that the demonetization affect your retail shop?

Yes

No

May be

1. Do you have digital payment facility before Demonetization?

Yes

No

1. you are getting delay in delivery of ordered stock items after Demonetization

Highly satisfied Satisfied Neutral

Dissatisfied Highly dissatisfied

1. You are facing difficulty in after demonetization?

Highly satisfied

Satisfied

Dissatisfied

Highly dissatisfied

Natural

1. The sales turn over decreased after Demonetization

Highly satisfied Satisfied Neutral

Dissatisfied Highly dissatisfied

1. Acceptance of plastic money increased sales turnover

Highly satisfied Satisfied Neutral

Dissatisfied Highly dissatisfied

1. The usage of E-wallets like paytm, bheem etc helped you to overcome the issues

Highly satisfied Satisfied Neutral

Dissatisfied Highly dissatisfied

1. The rent and service charges of POS machines are affordable for you

Highly satisfied Satisfied Neutral

Dissatisfied Highly dissatisfied

1. Your business will be better in post demonetization period in comparison with pre demonetization period

Highly satisfied Satisfied Neutral

Dissatisfied Highly dissatisfied

1. Are you satisfied with the business after demonetization

Highly satisfied Satisfied Neutral

Dissatisfied Highly dissatisfied

1. The services provided by your bank for your digital transactions are satisfactory

Highly satisfied Satisfied Neutral

Dissatisfied Highly dissatisfied

1. Profitability of business after demonetization is satisfactory

Highly satisfied Satisfied Neutral

Dissatisfied Highly dissatisfied

1. The services and rent of POS machines are satisfactory for you

Highly satisfied Satisfied Neutral

Dissatisfied Highly dissatisfied

1. You prefer cashless transactions than traditional mode of payment

Highly satisfied Satisfied Neutral

Dissatisfied Highly dissatisfied

1. You are facing difficulty in paying of transportation charges after Demonetization

Highly satisfied Satisfied Neutral

Dissatisfied Highly dissatisfied

1. Among the cashless transactions acceptance of plastic money through POS machines are more comfortable for your business

Highly satisfied Satisfied Neutral

Dissatisfied Highly dissatisfied

1. You like to accept payment through E-wallets

Highly satisfied Satisfied Neutral

Dissatisfied Highly dissatisfied

1. Your prefer BHIM mobile app than other private mobile app

Highly satisfied Satisfied Neutral

Dissatisfied Highly dissatisfied