

## Demonitization effect on petty shop keeper's

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### Abstract

**Demonitization on Petty Shop Keeper's:** Demonetization is the act of stripping a currency unit of its status as legal tender. It occurs whenever there is the change of national currency. The current form of money is pulled from circulation and retired, often to be replaced with the new notes and coins. Sometimes, a country completely replaces the old currency with new currency for the purpose of economic development. There are plenty of statistics showing just how importance it is to shop mall, usually a higher percentage of revenue created in a small, locally owned business will stay in a local economy, when compared to big-boss retailers revenue; small business tend to create more and better playing jobs, and the existence of a myriad local business and spur competition and innovation, meaning you are mean likely to find unique, high-quality items at reasonable prices. With this background the main objectives of the paper is as follows,

### Objectives

- To review the concept of demonetization.
- To analyse the impact of demonetization on petty shop vendors.

**Methodology:** The paper will be analysed with the help of both Primary and Secondary data.

- PRIMARY DATA: Survey is conducted on petty shop vendors in the Mangalore city.
- SECONDARY DATA: e-source, journals, literatures available in form of articles in newspapers etc.

**Keywords:** demonetization, petty shopkeepers, economic development, impact – positive and negative, black money

### Introduction

Demonetization is the act of stripping a currency unit of its status as legal tender. It occurs whenever there is the change of national currency. The current form of money is pulled from circulation and retired, often to be replaced with the new notes and coins. Sometimes, a country completely replaces the old currency with new currency for the purpose of economic development. There are plenty of statistics showing just how importance it is to shop mall, usually a higher percentage of revenue created in a small, locally owned business will stay in a local economy, when compared to big-boss retailers revenue; small business tend to create more and better playing jobs, and the existence of a myriad local business and spur competition and innovation, meaning you are mean likely to find unique, high-quality items at reasonable prices. With this background the main objectives of the paper is as follows,

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### Results and Discussions

Demonetization is the most important and necessary when there is a change of national currency. The old unit of currency replaced with new currency. Demonetization is the process where government declares the currently running currency notes illegal to be tender after the declaration is made. There are both pros and cons of demonetization in the Indian economy. The reasons for demonetization are to control counterfeit notes that could be contributing to terrorism, and to undermine or eliminate the “black economy”. There are some potentially ways in which the pre-demonetization money supply will stand altered:

- There would be agents in the economy who are holding cash which they cannot explain and hence they cannot deposit in the banking system. This part of the currency will be extinguished since it would not be replaced in any manner.
- The government might choose to replace only a part of the currency which was in circulation as cash.

In the other words, the rest would be available only as electronic money. This could be a mechanism used to force a transition to cashless medium of exchange.

- The empirical extent of these two components will be unraveled only over the next six months.
- These two would have different effects on the economy in the short term and in the medium term, as shown in form of history.

**History of Demonetization in India**

Demonetization is not new to the Indian economy. It has taken the historical phase pre and post-independence era in Indian economy. To glimpse over certain phases are years re historically given significance like as follows,

Historically, previous Indian governments had demonetized bank notes. In January 1946, the pre independence time banknotes of Rs.1,000, Rs5,000, and Rs10,000 notes were taken out of circulation. The Rs10,000 notes were the largest currency denomination ever printed by the Reserve Bank of India, introduced for the first time in 1938. In the year 1945 all three notes were reintroduced.

In 1977 Wanchoo committee (set up in 1970s), a direct tax inquiry committee, suggested demonetization as a measure to unearth and counter the spread of black money.

On 28 October 2016 the total banknotes in circulation in India was Rs.17.77 trillion (US\$260 billion). In terms of value, the annual report of Reserve Bank of India (RBI) of 31 March 2016 stated that total bank notes in circulation valued to Rs.16.42 trillion (US\$240 billion) of which nearly 86% (around Rs.14.18 trillion (US\$210 billion)) were Rs.500 and Rs.1,000 banknotes. They were taken out of circulation from 2016.

**Review of Literature**

Arpit Guru and Shruti Kahanijow (2010) researcher analysed the black money income? Need for amendment in DTAA &ITEA and analysed that black money is spread everywhere in India up to a large extent which continuously stashed towards abroad in a very large amount. The researcher also identified how black money had caused menaces in our economy and in what ways it is used.

Sukanta Sarkar (2010) conducted a study on the parallel economy in India: Causes, impacts & government initiatives in which the researcher focused on the existence of causes and impacts of black money in India. According to the study, the main reason behind the generation of black money is the Indian Political System i.e. Indian govt. just focused on making committees rather than to implement it .The study concludes that laws should be implemented properly to control black money in our economy.

Tax Research Team (2016) in their working paper stated in favour of demonetization Its main objective is to analyze the impact of demonetization on Indian economy. This paper shows the impact of such a move on the availability of credit, spending, level of activity and government finances.

**Analysis and Interpretation**

The impact of demonetization is analyzed by taking a group of Petty shop keepers in Mangalore City. When we see the operating pattern of petty shop keepers we see that they are having a turnover on daily basis and when demonetization took place all of a sudden how this group of people were affected and how the impact was seen on them is analyzed with the sample of 25 respondents who own petty shops in a

around Mangalore using simple statistical tools like Per Cent age method.

**Table 1:** Age of respondents

Age	Respondents	Per cent
18-40	5	20
40-60	10	40
Above 60	10	40
Total	25	100

Source: Primary data

From Table 1, the age of the respondents are analyzed like more than 75 per cent of the respondents belong to the group of adults and senior citizens so it can be analyzed like how their families had impact because of this event in Indian economy.

**Table 2:** Gender of Respondents

Gender	Respondents	Per cent
Male	15	60
Female	10	40
Any other	Nil	Nil
Total	25	100

Source: Primary data

From table 2, the gender of respondents is analyzed and it's clear that majority that is more than 50 per cent of the respondents are male members and it subside the ideas that they are bread winners to their family.

**Table 3:** Education level of respondents

Education	Respondents	Per cent
Primary	20	80
SSLC	5	20
PUC	Nil	Nil
Degree and any other	Nil	Nil
Total	25	100

Source: Primary data

From table 3, it's noted that 80 per cent of the respondents are just having the primary level of education and due to the poverty they could not afford for education.

**Table 4:** Caste of respondents

Caste	Respondents	Per cent
SC/ST	10	40
OBC	10	40
Any other	05	20
Total	25	100

Source: Primary data

From table 4, it's evident that more than 50 per cent of the respondents belong to OBC and SC/ST group which is away from the prosperity of society so this group of people must be much taken care by the governments to met their basic requirements.

**Table 5:** Financial Status

Bank A/c	Respondents	Per cent
SB A/c	25	100
RD A/c	Nil	Nil
FD A/c	Nil	Nil
Any other	Nil	Nil
Total	25	100

Source: Primary data

From table 5, financial status helps us to know for what purpose these people deal with banks and all these respondents have the Jan Dhan A/C which was launched by the Central government in Indian economy. But their A/C are now acting like NPA as no turnover because of their business.

**Table 6:** Vehicle Owned By Respondents

Vehicle	Respondents	Per cent
2 wheeler	15	60
3 wheeler	Nil	Nil
4 wheeler	Nil	Nil
Total	25	100

Source: Primary data

From table 6, vehicles used by the respondents are analyzed because it is very important for them to get tiny products which they have to sell in their shops like Beda, Cigarettes, chocolates etc. which helped to know the impact of demonetization because when they didn't have business they couldn't use even their vehicles to get the products to their shops.

**Table 7:** Impact before Demonetization

Impact	Respondents	Per cent
Positive	25	100
Negative	Nil	Nil
Total	25	100

Source: Primary data

From table 7, the impact of demonetization is analyzed before Nov 8<sup>th</sup> 2016 and its just to check pre and post demonetization and all the respondents were answering that before they had very good business but after the imposition of this they lost business as they didn't had digital payment, but few had Paytm in their mobile but customers didn't have it or even they didn't had money to pay as change for people who come for their business.

**Table 8:** Impact after demonetization

Impact	Respondents	Per cent
Positive	12	48
Negative	13	52
Total	25	100

Source: Primary data

From table 8, depicts the impact of demonetization on Petty shop keepers in Mangalore City. More than 50 per cent of the respondents have the negative impact as they didn't have access to electronic form of transaction.

### Limitations of the Study

- The study is restricted to the selected sample of Mangalore city and hence the result of the study cannot be generalized.
- The statistical methods used to analyze the data have their own limitation.
- All the limitations of primary data are applicable to this study.

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