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The Impact of Retail Business After Demonetization with Special Reference To Kanyakumari District

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Abstract

Demonetization means that Reserve Bank of India has withdrawn the old Rs.500 and Rs.1000 currency as an official mode of payment. On November 8,2016, the prime minister of India Narendra Modi government has announced the Demonetization of all Rs.500 and Rs.1000 demonetization bank currencies . The demonetization announcement made the use of Rs.500 and Rs.1000 bank currencies invalid past midnight of November 8 2016 . It was also announced and introduced that the new Rs.500 and Rs.2000 bank currency new series would be introduced in exchange for the old bank currency. Demonetization policy of the Government has been termed as the greatest financial & economic reform that aimed to curb the black money, corruption and counterfeit currency notes. Because of this immediate demonetization activity the retail business industry has affected a lot. In this topic we study about the impact of retail business after demonetization with special reference to Kanyakumari district.

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Keywords: Reserve Bank of India, withdrawn, black money, corruption, retail business

INTRODUCTION

The demonetization announcement made the use of Rs.500 and Rs.1000 bank currency invalid past midnight of November 8. The objective of demonetization as claimed by Government of India was to curtail the black money running as shadow economy and to stop the use of counterfeit cash to fund illegal activity and terrorism. The immediate nature of the announcement and the prolonged cash shortage in the weeks that followed created significant disruption throughout the Indian economy, threatening economic output.

The move was heavily criticized as poorly planned and unfair, and was met with protest, litigation, and strikes. In the days following the demonetization, the country faced severe cash shortage with severe detrimental effects across the economy. People seeking to exchange their bank notes had to stand in lengthy queues, and several death were linked to the inconvenience caused due to the rush to exchange cash. As the cash shortages grew in the weeks following the move the demonetization was heavily criticized by prominent economic and by world media.

Demonetization has helped India to become corruption -free to a large extend as it became difficult now to keep the unaccounted cash. Demonetization has helped the Government to tract the black money as the unaccounted cash will now flow no more and the amount collected by means of tax can be better utilized for the public welfare and development schemes. In this topic we study about the impact of retail business after demonetization with special reference to Kanyakumari district.

REVIEW OF LITERATURE

P.Patnaik,(2017), stated that the black money is generated through evasion of taxes on income from lawful activities and money created from illegal activities. In the absence of steps to control and curb the generation of black money,demonetization is a futile exercise. Demonetization has been effected is leading to a riot such kind of situation in the nation. We demand that the Government ensure that common people have immediate access to enough money to pay for their daily needs and health emergencies. Failing which we demand the rollback of demonetization or suspension of demonetization to enable the common person to made adequate arrangements for daily needs. The Government role behind it, is to undertake honest tax administration and not to treat the common person like a criminal making him/her stand in line and filling forms to access his/her own legitimate money.

Abhani Dhara K.(2017), stated that this demonetization is proving to be more successful than the previous two. The ere is changing people are using online banking as a mode of payment. Bank employees are giving their best to make the demonetization a successful one. Their support matters a lot. Though the demonetization move has failed to grab total black money in the economy, this has at least created fear in the minds of people

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holding black money. He concluded that demonetization was a compulsory step to tackle the problem of black money; terrorism and corruption etc.

Shukla, Bal Govind and Gupta, Hariom(2018) in their paper entitled "An Exploratory Study of Business Students Perspectives on Demonetization in India with special reference to Allahabad city". They used primary data for their study and concluded that the people actively support any initiative taken by the government which are basically targeted to eradicated corruption, black money and any other threads like terrorism in the country.

OBJECTIVES OF THE STUDY

1. To study about the types of retail business that gets affected due to the demonetization activity.

2. To study the negative impacts of demonetization.

3. To give some suggestions for the further improvement in retail business.

SCOPE OF THE STUDY

The study is based on the impact of retail business after demonetization with special reference to Kanyakumari district. It includes the negative impacts of demonetization that affects the retail business industry in Kanyakumari district.

LIMITATIONS OF THE STUDY

1) The present study is limited by only studying the impact of demonetization in Kanyakumari district.

2) Lack of adequate primary data is another limitations faced by the researcher.

RESEARCH METHODOLOGY

Primary data:

Primary data is the data collected for the first time and it is original in nature. The primary data was collected through a questionnaire.

b) Secondary data:

Secondary data is the data which has been collected by some one else. The secondary data were collected from various journals,periodicals,books and websites.

Analysis:

The primary data were analyzed with the help of percentage and ranking test.

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Table no:1 Types of retail business that gets affected due to the demonetization activity in Kanyakumari

SI.NO	Types of business	No.of.respondents	Percentage
1	Textiles	30	15
2	Margin free markets	50	25
3	Electrical stores	20	10
4	Hardware shop	20	10
5	Foot wares	10	5
6	Hotels	10	5
7	Bakeries	20	10
8	Furniture showrooms	20	10
9	Bicycle showrooms	10	5
10	Jewellery	10	5
	Total	**200**	**100**

The table shows that the 15% of textiles were get affected due to the demonetization.25% of margin free markets are get affected due to the demonetization. 10% of electrical stores, hard ware stores, bakeries, furniture showrooms are get affected due to the demonetization. 5% of foot ware stores, hotels, bicycles, jewelleries are get affected due to the demonetization .

Table no:2 Problems faced by retail business in bank payments

SI.NO	Problems faced	No.of respondents	Percentage	Rank
1	Depositing the money	60	30	**I**
2	Withdrawn the money	50	25	**II**
3	Delay in payment	20	10	**V**
4	Limited money only	30	15	**IV**

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	transferred			
5	Limited money only withdrawn	40	20	**III**
	Total	**200**	**100**	

The table shows that 30% of respondents face the problem of depositing the money so it is given first rank. 25% of respondents face the problem of withdrawn the money so it is given second rank. 20% of the respondents face the problem of limited money only withdrawn so it is given third rank. 15% of the respondents face the problem of limited money only transferred so it is given fourth rank. 10% of the respondents face the problem of delay in payment so it is given fourth rank.

Findings

1. In retail business industry the margin free markets are highly gets affected due to the demonetization.
2. In bank payment activities the respondents highly face the problem of depositing the money due to the demonetization activity.

Suggestions

1) The government should provide raw material to retail industry.
2) The government should implement licence liberalization policy to retail sector.
3) The government should provide loan to retail sector .

CONCLUSION

Central government's recent decision to demonetization the high value currency is one of the major step towards the eradication of bank money in India. The demonetization drive will affect some extent to the general public; but for larger interest of the country such decisions are inevitable. Also it may not curb black money fully, but definitely it has major impact in curbing black money to large extent.

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