



DEMONETIZATION: THE WAY TO INCREASE THE DIGITAL CASH

AUTHOR 1

Full Name: G.SUDHA

Designation: M.Phil Research Scholar

Name of the Organization: V.O.CHIDAMBARAM COLLEGE

City: TUTICORIN – 628008

State: TAMILNADU

AUTHOR 2

Full Name: M.THANGAJESU SATHISH

Designation: ASSISTANT PROFESSOR

Name of the Organization: KAMARAJ COLLEGE

City: TUTICORIN

State: TAMILNADU

Abstract

Indian economy is growing in a faster way next to china. The growth of economy encompasses all the sectors especially industries and agriculture, which are root cause for the sustainable growth. Demonetization measures within a short span of time taken by the Indian government to tackle the issues and to resolve the emerging issues which arises day by day in the Indian economy. Demonetization are likely to be described as game changers of the Indian economy. On the other hand Demonetization is leading to boom cashless payments. The Indian government stated objective behind the 2016 demonetization policy are to make Indian corruption free, to curb black money, to control inflation, to stop terror financing, to make the people pay income tax and to make a cashless society and create Digital India. In this paper an attempt is made to examine the Retailers perception in India towards cashless transactions and the attempt is also made to identify the challenges faced by them during their transactions.

Keywords: Demonetization, Digitalization, Digital cash, Economy,

Introduction

The demonetization policy is seen as a financial reform in the country but this decision has with its own merits and demerits. The digital India is an emblematic program of the government that aims to transform India into a digital society and a knowledge economy. After demonetization, many people started electronic payments for their transactions. Everyone from the small merchant to neighbouring vegetable vendor is embracing digital payment solution. Slowly India is moving from cash to cashless economy. A cashless economy ensures the transactions are done using cards or digital means. The increased use of credit cards will definitely reduce the amount of cash that people have to carry which reduces the risk and the cost associated with that. Faceless, paperless and cashless are the professed roles of Digital India, to promote digital payments or non-monetary transactions, there are several payment methods available, such as bank cards, USSD (Unstructured Supplementary Service Data), mobile wallets, prepaid banks, Internet banking, mobile banking, and so on.

Not only this the Prime Minister of India is also working towards digitization of India (DIGITAL INDIA). Thus, both moves DEMONETISATION and DIGITIZATION if worked upon effectively will help the Indian Economy to become Cashless Economy. Cashless Economy pushes use of plastic money, digital means and over the net transactions. Such a replacement doesn't mean immediate removal of currency notes but gradually expelling of paper currency. Physical money means the paper currency notes and coins issued by the government as legal tender. Plastic money involves the use of plastic cards such as debit cards, credit cards, pre-paid cards, contact less cards etc. Cashless economy is with help of promoted BHIM app, AEPS, Digishala etc. Cashless economy requires robust digitalization. It has various challenges is the escaping attitudes of people, poor transaction security mechanism, insufficient infrastructure etc.

The study is conducted with the objective of analysing the impact of digitalization on the retailing business, and to assess the extent to which it makes them in for changes in Thoothukudi city.

Review of Literature

Pradnyasurwade(2017) Study the effect of demonetization on every day income, people's expectations concerning currency etc. The study by Pradnyasurwade discloses problems faced by common people with the use of online banking which are further analysed and solution to this problems are suggested to some extent, in turn to move towards cashless banking. The vegetable & fruit Marketers are most by affected by this decision, because they are illiterate and don't have knowledge about swipe machine and Paytm. Also customers coming to them are coming with cash. Above 90% of transactions are still based on cash, so it is very difficult to have success in cashless economy. VenkateswararaoPodile and P. Rajesh (2017) to study the impact of transaction related factors including convenience, security, costs, incentives and procedures on cashless transactions in India. Harish Tigari (2018) By reviewing the literature it is clear that the integration of technology into our day to day life by digitizing everything will make ensure about greater transparency and accountability. The digitalization helps to increase the employment opportunities .improving the standard of living and especially it helps increase the e-literacy. RichaGoel et.to study the Moving from cash to cashless economy and they concluded People are mostly influenced by convenience and offers provided for switching to cashless modes of payments. People face various problems while using digital payment methods. Sudha and Dr.Sornaganesh study is revealed that after demonetization changes in buying behaviour are clearly explained. After demonetization reduce the paper money.

Scope of the study

The scope of the research is to analyses the impact if digitalization on retailers. This study covers the areas of in-and-around Thoothukudi. The responses of the retailers are taken into account in the process of analysis.

Methodology

The methodology adopted for studying the objective of the paper was surveying the retailers of the Thoothukudi town. So keeping in view the nature of requirement of the study is to collect all the relevant information regarding the perception about the digitalization. Direct personal interview method with the help of structured questionnaire was adopted for collection of primary data.

Limitation of the study

Due to constraints of time and resource the study is likely suffer from certain limitations:

- The information given by the respondents might be biased because some of them might not be interested in providing correct information.
- Respondents tried to escape some statement. This was one of the most important limitations faced, as it was difficult to analysis and come at a right conclusion.
- Due to time and cost factor, only 40 retailers were surveyed.
- This study is restricted to thoothukudi city only.

Results and Discussions

Table-1 Demographic Profile of the respondents

Demographic Factor	Options	Frequency	Percentage
Age	20-30	30	30
	30-40	25	25
	40-50	25	25
	Above 50	20	20
Gender	Male	37	92.5
	Female	3	7.5
Marital Status	Married	30	75
	Unmarried	10	25
Educational Qualification	School level	20	50
	Graduate	17	42.5
	Post Graduate	3	7.5
Family members	Up to 3	2	5
	4	18	45
	Above 4	20	50
Type of business	Electrical	11	27.5
	Textile	9	22.5
	Automobile	9	22.5
	Kirana Store	11	27.5
Monthly Turnover	10000-30000	18	45
	30000-60000	13	32.5
	60000-90000	6	15
	Above 90000	3	7.5

Table – 1 shows that majority (30 per cent) of the respondents belong to the age group of 20-30 years, majority (92.5 per cent) of the respondents are male, majority (75 per cent) of the respondents are married, majority (50 per cent) of the respondents are school level qualification, majority (50 per cent) of the respondents have above 4 members in family.

Table-2 Percentage of Changes in sales

Type of Business	Percentage of changes in sales				Total
	10	10-20	20-30	Above 30	
Electrical	8 (72.7)	2 (18.2)	0 (0.0)	1 (9.1)	11 (100.0)
Textile	6 (66.7)	1 (11.1)	2 (22.2)	0 (0.0)	9 (100.0)
Automobile	4 (44.4)	3 (33.3)	1 (11.1)	1 (11.1)	9 (100.0)
Kirna Store	3 (27.3)	4 (36.4)	2 (18.2)	2 (18.2)	11 (100.0)
Total	21 (52.5)	10 (25.0)	5 (12.5)	4 (10.0)	40 (100.0)

The dealers in business of Electrical, Textile and Automobile, reported that their business were affected at 10 percentage of sales constituting more than 44 per cent. But kirana stores were affected at 10-20 per cent of their sales at 36.4 per cent (Table-2).

Table-3 Mode of Payment before and after demonetization

Mode of payment	Before		After	
	Frequency	%	Frequency	%
Cash	30	75.0	9	22.5
Debit Card / Credit Card	4	10.0	10	25.0
Internet Banking	2	5.0	10	25.0
Mobile Banking	2	5.0	8	20.0
NEFT / RTGS	2	5.0	3	7.5
Total	40	100.0	40	100.0

As far as mode of payment is concerned, before demonetization the dealers made transactions by cash. But it is changed to other modes of payments by using cards, net banking, mobile banking present more or less equally (Table-3).

Table-4 Chi square tests for Educational Qualification and perception about the demonetization

Perception about the demonetization	value	Df	Asymptotic significance	Result
Implementation of demonetization is fair	6.585	8	.582	NS
It curbs the black money	5.575	8	.695	NS
It pushes the digitalization	2.455	8	.964	NS
It improves the status of common man	6.316	8	.612	NS
It adversely affects the business	10.024	8	.263	NS

Ho: There is no significant relationship between educational qualification and perception about the demonetization.

Calculated P value (.582) higher than the significance level at 0.05. Hence it is stated that there is no significant relationship between the educational qualification and implementation of demonetization is fair.

Calculated P value (.695) higher than the significance level at 0.05. Hence it is stated that there is no significant relationship between the educational qualification and perception about the Black money.

From the above table it is stated that there is no significant relationship between the 'Educational qualification' and the 'Perception about the demonetization'.

CONCLUSION

The digital India is an emblematic program of the government that aims to transform India into a digital society and a knowledge economy. After demonetization, many people started electronic payments for their transactions. Everyone from the small merchant to neighbouring vegetables vendor is embracing digital payment solution. Medium and large dealers are mostly affected their business because of demonetization. Interestingly, small dealers are not much affected. Dealers in business of Electrical, Textile and Automobile reported that their businesses were affected at 10 percentages of sales constituting more than 44 percent of them. Demonetization changed to other modes of payments by using cards, Net banking, mobile banking present more or less equally. The act of demonetization pushes the dealers to adopt digitalization to some extent.

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