

Illegal Coin-Bandi : A Scenario of Post Demonetization in India

(A Case Study of Sagar City of Madhya Pradesh)

¹Bharat Kumar Meher, ²Latasha Mohapatra

¹Senior Research Fellow, ²M.Com. Qualified

¹Dr. Harisingh Gour Central University,

²Dr. Harisingh Gour Central University, Sagar, India

Abstract : Demonetization is considered as a sound attempt to make India a Cashless Economy. But the move caused huge disruption to everyone's lives. Most people encountered problems in accessing cash for their daily needs, with pictures of serpentine queues outside banks and ATMs becoming an essential staple of news reports. The people of India as well as government were expecting many positive outcomes from recent demonetization on 8th November, 2016 but no such positive outcome has seen yet rather a new problem has emerged. After demonetization a surplus circulation of coins has seen in the economy due to which the banks, post office, small retailers and atlast the consumers are being negatively affected. In many cities the consumers are facing problems in making payments by coins as many small businesses are not accepting 1, 2 and 5 rupees coins by stating that neither the wholesalers nor the banks are accepting the coins. While taking interview of many branch managers, it has been disclosed that there is problem of storage of coins, problem of counting coins while receiving it from customers and again the customers are not taking it back by stating that retailers and wholesalers are not receiving it. This paper is an attempt to throw light on various causes due to which the coins are unacceptable for consumers, small businesses and banks. Apart from that the paper also considers the problems faced by consumers and small businesses due to non-acceptability of coins.

IndexTerms - Demonetization, Cashless Methods, Cashless Economy, Coins Counting Machine, Legal Tender of Money, Problem of Coins

I. INTRODUCTION

One of the prime objects of the recent demonetization is to transform India into a cashless economy. During demonetization the major problems that people were facing were exchanging the old 500 and 1000 currency notes with new notes from banks, waiting in long queue either at banks or at ATMs for the purpose of depositing or withdrawing money, and unavailability of liquid cash for the purpose of purchasing necessities. But as the new currency notes of Rs. 500 and 2000 were given in exchange of old notes, there was a huge problem of change in the whole economy. There was a lack of small denominations notes and coins during the two months after demonetization. When there was a shortage of coins, the traders, hoteliers, kirana shops, auto drivers to bus conductors all were facing problems in arranging loose coins of Rs 1, Rs 2, Rs 5 and Rs 10. "With ATMs shut after the demonetization move, the ripple effect was felt among the city's lawyers community too, some of whom had to borrow small change from their children and friends to reach the court complexes while some even took money from their children's piggy banks." (IANS, 2016) Due to this demonetization the coins that were saved by the people in their piggy banks or in their came into circulation and the situation is like that there is surplus of coins in the market now.

However, such surplus supply of coins in the market has become a major problem now. Though all the coins Rs. 1, 2, 5 and 10 are legal tender of money but a lot of obstacles are being faced by the consumers and businesses in Sagar City to make payments through coins. Apart from that few types of Rs.10 coins had become unacceptable by the businesses as they were humored that those Rs. 10 coins were counterfeited. "The central bank issued a statement in this regard as it has come to its notice that in certain places there is reluctance on the part of traders and members of the public to accept ₹10 coins due to suspicion about their genuineness. So far the RBI has issued ₹10 coins in 14 designs. All these coins are legal tender and can be accepted for transactions." (Bureau, 2018) Now all the businesses in the city are accepting the Rs. 10 coins. But the problem still exists with Rs. 1, 2 and 5 coins. "Gyanesh Mishra, general secretary Akhil Bhartiya Vyapar Mandal, said non-acceptance of coins by banks is posing serious problem for the traders. Many in the wholesale kirana business are left with coins worth about Rs 2 lakh each, while the retailers on an average have a stock of coins worth Rs 6-7 lakh each, Mishra said." (Hindustan Times, 2017) This paper is an attempt to highlight the rising problem of excessive supply of coins in the Indian Economy which may be spread to other cities or areas later on. Hence, the purpose of this study is to wise up the various reasons due to which the small businesses, consumers and banks in Sagar City are either hesitating or not accepting Coins. Moreover, the paper also highlights the problems faced by the businesses in case of non-acceptance of coins.

II. REVIEW OF LITERATURE

(Kala, 2013) In this article the author inferred that the mints produce enough coins for the circulation still the shortage of coins arises. The vendors give candies instead of change. From the study conducted by the author he found out that majority of the vendor does not prefer count the exact change amount and to give it to the customers and he also mentions that the vendors have to wait for change in the bank and that is the major concern because of which they don't prefer to go to bank for coins.

(Hindustan Times, 2017) The paper discussed how several Government offices in Uttar Pradesh refused to accept coins and the reason behind this unacceptance is the refusal of banks to accept coins. It is also mentioned that in many wholesale kirana business are left with coins worth about 2Lakh each, while the retailers on an average have a stock of coins worth 6-7lakhs each. In this article the author wants to portray because of surplus of coins general people are facing problems as they can not use this money and apart from that the banks are also refusing to accept coins.

(Meher, 2017) The author stated, demonetization is an effective tool to transform India into a cashless economy. The author highlighted the need for recent demonetization and the changes that took place after demonetization such as reduction in the use of physical cash, use of various electronic payments etc. The reasons due to which the people are now using less cashless methods are clearly mentioned in the paper.

(Ghunawat, 2017) The author he wants to conclude that even after a long time of demonetization there is a short fall in coins such as Rs 1, Rs 2, Rs 5 and Rs 10 and the reason behind the shortfall is not disposal of old currency i.e. old 500 and 1000 notes. As the banks have not disposed the old notes there is no place in the currency chests to keep the coins. Apart from that for this shortfall RBI has not taken any kind of crucial decision.

(Business line, 2017) In this article the author wants to convey that even though Rs. 10 is a valid tender but still people refused to accept Rs. 10 coins. Because of this non-acceptance people are facing problems. Here the author wants to express the solution to the problem if the government accept the Rs. 10 coins then the people won't refuse to accept coins. For example if the public transport system accepts the coins (mentioned by the author).

Many articles and researches had been done which were limited to the reasons of less or not using cashless methods, problems faced during demonetization, problems of excess supply of coins, non-acceptance of coins by banks, etc. but none of the research was based on the problems faced by the consumers, small retailers and bankers due to excessive supply of coins in the market which is a feasible research gap for this paper.

III. OBJECTIVES OF THE STUDY

- To study the various problems faced by the Consumers in case of non-acceptance of coins by small businesses and banks in Sagar City.
- To find out the various reasons due to which the Consumers in Sagar City are not accepting the coins.
- To find out the various reasons due to which the small businesses in Sagar City are not accepting the coins.
- To study the various problems faced by the small businesses in case of non-acceptance of coins from consumers.
- To highlight the various reasons due to which the banks are either hesitating or denying to accept deposits in coins

IV. HYPOTHESES

- H_{0A} : The problem of coins is same for every consumer in Sagar City irrespective of their occupation
- H_{1A} : The problem of coins is not same for every consumer in Sagar City irrespective of their occupation
- H_{0B} : The various reasons for the hesitation and non-acceptance of coins by small businesses are equally responsible
- H_{1B} : The various reasons for the hesitation and non-acceptance of coins by small businesses are not equally responsible

V. RESEARCH METHODOLOGY

The study is Empirical in nature. The data used in this study are basically primary in nature, which have been collected with the help of questionnaire method. Two questionnaires were designed. One questionnaire was for collecting data from small businesses and another questionnaire was for collecting data from 20 bank branches in Sagar City. The area of study is limited to Sagar City in the State of Madhya Pradesh. A Sample Size of 60 has been targeted with Stratified Sampling Technique i.e. 15 business from each type of businesses. Again an opinion of 20 branch managers has been taken of 57 branches in the City. The data collected have been presented with the help of tables and pie-charts. For hypothesis testing, Chi-Square & Fisher's Exact Test and Friedman have been used.

VI. SIGNIFICANCE OF THE STUDY

The study is based on the recent problem faced by the consumers, businesses and banks in Sagar City. The problem of non-acceptability of coins, which has incurred after the demonetization should be considered positively so that an appropriate solution could be found out as soon as possible. This problem is not limited to Sagar city of Madhya Pradesh only but many other cities in India are facing the same problem. The study could aware the government and banks that though the 1, 2 & 5 rupees coins are still legal tender of money but retailers and wholesalers are not accepting coins by stating that the banks are not accepting the coins. This is creating a big trouble for consumers even in purchasing small items by paying money in coins. Besides that few banks are either hesitating to accept or completely denying in accepting coins as they are facing the problem of storage. Moreover the Post Office is accepting a maximum of three coins from each customer and can give a maximum of three coins to a customer. These issues are highlighted in this paper in order to aware the government of India, Reserve of India and Policy makers so that appropriate steps can be taken in this regard.

VII. LIMITATIONS OF THE STUDY

- The study is limited to Sagar City only by taking a sample size of 136 consumers 60 small businesses and 20 banks only. This may not depict a clear picture of the whole nation.
- The study may be relevant only to the present era i.e. November, 2017 to February, 2018 as the problem of coin has occurred recently.

VIII. ANALYSIS OF DATA

Analysis of Primary Data Collected from Consumers

A questionnaire has been designed and collected required data from 136 consumers the results of which have been shown below with the help of various tables and pie charts.

Table. No. 1 Number of Consumers as respondents from Different Occupation

| | | Frequency | Percent |
|------------|----------------|------------|--------------|
| Occupation | Students | 66 | 48.5 |
| | Service Holder | 38 | 27.9 |
| | House Wife | 32 | 23.5 |
| | Total | 136 | 100.0 |

Source : Authors' Computation from SPSS 23

The above table depicts the number of respondents from different occupation. The respondents included 66 students, 38 service holders and 32 house wives. While selecting the samples for the study a major part of the respondents was students followed by Service Holder and House Wife. About 48.50% of the total respondents were students.

Table No. 2 . How frequently the Consumers face problems in using coins in making small payments

| | | Never | Rarely | Sometimes | Most of the Times | Always | Total |
|------------|----------------|----------|-----------|-----------|-------------------|-----------|------------|
| Occupation | Student | 0 | 8 | 18 | 30 | 10 | 66 |
| | Service Holder | 0 | 4 | 8 | 16 | 10 | 38 |
| | House Wife | 0 | 0 | 12 | 12 | 8 | 32 |
| | Total | 0 | 12 | 38 | 58 | 28 | 136 |

Source : Authors' Computation from SPSS 23

The above table depicts that due to excess supply of coins in the economy many consumers from different occupation are facing problem as neither the vendor nor the banks are accepting coins. It can be observed that 10 out of 66 students, 10 out of 38 service holders and 8 out of 32 housewives are always using coins in making payments whereas 30 students, 16 service holders and 12 housewives are using coins most of the times while making payments. It is also clear that all the respondents in the survey found that they use coins daily while making payments. About 20% of total respondents are always using the coins and about 43% of the total respondents are using coins most of the times.

Testing of Hypothesis (A) - Test of Homogeneity

H_{0A} : The problem of coins is same for every consumer in Sagar City irrespective of their occupation

Table No. 3. Chi-Square Table

| | | How Frequently Consumers face problems in using Coins | | | | Total | |
|--------------|----------------|---|-------------|-------------------|-------------|-------------|--------------|
| | | Rarely | Sometimes | Most of the Times | Always | | |
| Occupation | Student | Count | 8 | 18 | 30 | 10 | 66 |
| | | Expected Count | 5.8 | 18.4 | 28.1 | 13.6 | 66.0 |
| | Service Holder | Count | 4 | 8 | 16 | 10 | 38 |
| | | Expected Count | 3.4 | 10.6 | 16.2 | 7.8 | 38.0 |
| | House Wife | Count | 0 | 12 | 12 | 8 | 32 |
| | | Expected Count | 2.8 | 8.9 | 13.6 | 6.6 | 32.0 |
| Total | | Count | 12 | 38 | 58 | 28 | 136 |
| | | Expected Count | 12.0 | 38.0 | 58.0 | 28.0 | 136.0 |

Source : Authors' Computation from SPSS 23

Table No. 4. Chi-Square Tests and Fisher's Exact Test

| | Value | Df | Asymptotic Significance (2- sided) | Monte Carlo Sig. (2-sided) | | |
|---------------------|--------------------|----|--|----------------------------|-------------------------|-------------|
| | | | | Significance | 99% Confidence Interval | |
| | | | | | Lower Bound | Upper Bound |
| Pearson Chi-Square | 7.643 ^a | 6 | .265 | .266 ^b | .255 | .277 |
| Fisher's Exact Test | 8.178 | | | .216 ^b | .206 | .227 |
| N of Valid Cases | 136 | | | | | |

a. 2 cells (16.7%) have expected count less than 5. The minimum expected count is 2.82.

b. Based on 10000 sampled tables with starting seed 2000000.

Source : Authors' Computation from SPSS 23

Significance Value of **Fisher's Exact Test** gave more reliable result as the 2 cells are having values less than 5.

As the Significance value is 0.216 which is more than 0.05 the null hypothesis is accepted and it can be inferred that the problem of coins is same for every consumer in Sagar City irrespective of their occupation

Table No. 5. Various Actions taken by Consumers in case of non-acceptance of coins by Vendors

| Actions Taken by Consumers | Never | Rarely | Sometime s | Most of the Times | Always | Total |
|--|-------|--------|---------------|----------------------|--------|-------|
| a. Argued with vendor to take Coins | 14 | 32 | 42 | 32 | 16 | 136 |
| b. Threatening vendor to take legal action against him | 96 | 26 | 8 | 4 | 2 | 136 |
| c. Use Notes to pay the bill | 0 | 14 | 6 | 82 | 34 | 136 |
| d. Do not purchase from that shop and go to another shop | 30 | 36 | 52 | 16 | 2 | 136 |

Source : Authors' Computation from SPSS 23

The above table reveals the various steps taken by the customers due to non-acceptance of coins by the vendors. From the survey it is found that 34 costumers out of 136, always paid the bill in notes if the vendors deny to accept the bill in coins whereas 82 customers paid the bill most of the times in notes. On the other hand 16 customers always argued with the vendors and insisted them to accept coins, 32 customers did it most of the times, 42 customers did it sometimes, 32 customers did it rarely and remaining 14 customers never argued on it. In some cases the customers threatens the vendors to take legal action against them if they deny to accept the coins but only 2 customers out of 136 always threatened like that but 96 customers i.e. about 71% total respondents never did this. It is also found that 2 out of 136 customers always prefer to go to another shop in case the vendor does not accept the coins whereas 52 customers i.e. about 38% of total respondents take such step sometimes.

Table No. 6. Frequency with which Consumers accept coins while receiving remaining money from shops

| | | Never | Rarely | Sometimes | Most of the Times | Always | Total |
|----------------|----------------|-------|--------|-----------|-------------------|--------|-------|
| Occupatio n | Student | 0 | 4 | 10 | 28 | 24 | 66 |
| | Service Holder | 0 | 2 | 6 | 18 | 12 | 38 |
| | House Wife | 0 | 2 | 4 | 12 | 14 | 32 |
| | Total | 0 | 8 | 20 | 58 | 50 | 136 |

Source : Authors' Computation from SPSS 23

This table depicts how frequently the consumers are receiving coins from the vendors for the remaining change. Though the small businessmen are hesitating in accepting coins but the customers are receiving coins from the vendors for the residual amount after deducting the payment. Out of 66 students 24 students always accept the coins, 28 accept coins most of the times, 10 students accept sometimes while only 4 students accept rarely. Similarly, out of 38 service holders 12 service holders always accept the coins, 18 accept coins most of the times, 6 accept sometimes while only 2 service holders accept rarely. About 37% of the total consumers considered in the study always accept the coins from vendors without hesitation. On the other hand 8 consumers i.e. 6% of the consumers hesitate more to accept coins.

Table No. 7. Frequency with which Consumers face various types of problems while depositing coins at banks

| Problems while depositing coins into Banks | Never | Rarely | Sometime s | Most of the Times | Always | Total |
|---|-------|--------|---------------|----------------------|--------|-------|
| a. Banks Hesitate to Accept Coins | 34 | 30 | 36 | 20 | 16 | 136 |
| b. Banks totally deny to accept coins | 54 | 26 | 36 | 14 | 6 | 136 |
| c. Wait for a longer period to deposit coin | 32 | 20 | 38 | 18 | 28 | 136 |
| d. Have to insist many times to the bank staff to deposit coins | 34 | 26 | 44 | 24 | 8 | 136 |

Source : Authors' Computation through SPSS 23

The above table depicts how the consumers are facing problem while depositing coins in the banks. As per 16 consumers banks always hesitate to accept coins whereas as per 34 consumers, the banks never hesitate to accept coins while depositing the coins in banks. As per 6 out of 136 the banks always deny to accept coins, as per 14 consumers, most of the times the banks deny to accept coins, as per 36 consumers sometimes the banks deny to accept coins, 26 consumers opined that banks rarely deny to accept coins and as per 54 consumers the banks never deny to accept coins. According to 21% of the total consumers considered in the study, they always have to wait for a longer period of time at banks to deposits the coins. 8 out of 136 consumers stated that they always have to insist many times to the bank staff to deposit the coins in their accounts.

Table No. 8. Causes and their degree of hesitating or denying to accept coins by consumers

| Causes of Hesitating or Denying to Accept Coins | Never | Rarely | Sometimes | Most of the Times | Always | Total |
|---|-------|--------|-----------|-------------------|--------|-------|
| a. Shops are not accepting payment in coins | 14 | 18 | 22 | 38 | 44 | 136 |
| b. Banks hesitate/deny to accept coins | 34 | 26 | 22 | 20 | 34 | 136 |
| c. Problem of storage/carrying | 12 | 22 | 34 | 30 | 38 | 136 |

Source : Authors' Computation through SPSS 23

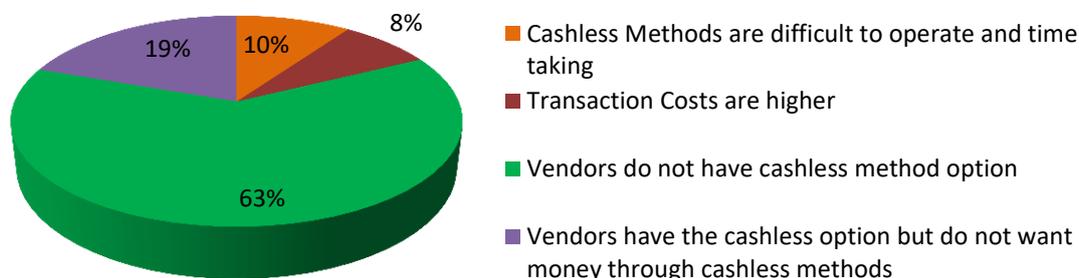
The above table reveals the causes due to which the customers are denying to accept coins. As per 44 consumers out of 136, the shops never accept payment in coins due to which the consumers hesitate to accept coins. Similarly 34 out of 136 consumers stated that banks always hesitate to accept coins as a result of which the consumers do not prefer to take coins. Again 38 out of 136 consumers opined that problem of storage and carrying of coins is always a reason behind non-acceptance of coins.

Table No. 9. Consumers are facing Coin Problems still don't you use Cashless Methods for making payment

| Reasons of Not Using Cashless Methods | Frequency | Percent |
|---|------------|--------------|
| Cashless Methods are difficult to operate and time taking | 10 | 7.4 |
| Transaction Costs are higher | 8 | 5.9 |
| Vendors do not have cashless method option | 64 | 47.1 |
| Vendors have the Cashless Option but do not want money through Cashless Methods | 20 | 14.7 |
| why to use cashless methods in making petty payments | 34 | 25.0 |
| Total | 136 | 100.0 |

Source : Authors' Computation through SPSS 23

Reasons for Not Using Cashless Methods by Consumers



The above table and pie-chart highlight why people are facing problem of coins while they can switch to cashless methods for making payments. 10 out of 136 customers said that cashless methods are difficult to operate as well as time taking whereas 5.9% customers said that transaction costs are high. Apart from that 64 customers i. e. 47.1% explained that vendors do not have cashless option, 14.7% said vendors have cashless method but still they prefer paper money and rest of the customers i. e. 25% said that they didn't prefer cashless methods for petty payments. The results from above table suggest that maximum vendors do not have cashless method option because of which consumers have to stay with payments via cash.

Analysis of Primary Data Collected from Small Businesses (Micro)

A questionnaire has been designed and collected data from 60 businessmen the analysis of which have been shown below with the help of various tables and pie charts.

Table. No. 10 Number of Respondents from Different Nature of Business

| Nature of Business | Number | Percent |
|---|-----------|--------------|
| Grocery Shops/Stationeries/Small Household Products | 19 | 31.7 |
| Vegetable Vendors | 11 | 18.3 |
| Auto drivers/Bus | 13 | 21.7 |
| Street Food Shops/Tea Stalls | 17 | 28.3 |
| Total | 60 | 100.0 |

Source : Authors' Computation through SPSS 23

The above table depicts the number of respondents from different small businesses. The respondents included 19 grocery shops/stationeries/small household products, 11 vegetable vendors, 13 auto drivers/bus and 17 street food shops/tea stalls. While selecting the samples for the study a major part of the respondents was shops/stationeries/small household products followed by street food shops/tea stalls auto drivers/bus vegetable vendors. About 31.70% of the total respondents were grocery shops/stationeries/small household products.

Table. No. 11 Various reasons and their degrees due to which Businesses are hesitating or not accepting many coins

| Reasons | Not a Cause | Small Cause | Moderate Cause | Big Cause | Biggest Cause | Total |
|---|-------------|-------------|----------------|-----------|---------------|-------|
| Problem of Counting | 14 | 9 | 10 | 16 | 11 | 60 |
| Unable to Circulate further either to Consumers/Wholesalers | 0 | 0 | 7 | 14 | 39 | 60 |
| Banks are not Accepting Coins | 4 | 5 | 6 | 19 | 26 | 60 |
| Problem of Storing or Carrying | 19 | 7 | 11 | 17 | 6 | 60 |

Source : Authors' Computation through SPSS 23

The above table predicts the various reasons because of which businesses are hesitating to accept coins as payment. 16 out of 60 respondents said that due to problem of counting business are not accepting coins. 39 out of 60 confirmed that because of no further circulation of coins to customers or wholesalers they are hesitating to accept coins. 26 out of 60 respondents said that because of refusal of banks to accept coins they are also not accepting coins. The table suggests that because of no further circulation of coins either to consumers or to wholesalers is the biggest reason because of which business are not accepting coins.

Hypothesis Testing (B)

H_{0B} : The various reasons for the hesitation and non-acceptance of coins by small businesses are equally responsible.

Table No. 12. Application of Friedman Test

| Reasons | Mean Rank |
|---|-----------|
| a. Problem of Counting | 2.21 |
| b. Unable to Circulate Further either to Consumers or Wholesalers | 3.22 |
| c. Banks are not Accepting Coins | 2.72 |
| d. Problem of Storage/Carrying | 1.86 |

Source : Authors' Computation through SPSS 23

Table No. 13 Result of Friedman Test

| Test Statistics ^a | |
|------------------------------|--------|
| N | 60 |
| Chi-Square | 50.866 |
| Df | 3 |
| Asymp. Sig. | .000 |

a. Friedman Test

Source : Authors' Computation through SPSS 23

As the Significance value is **Friedman Test** is less than 0.05 the null hypothesis is rejected and it can be inferred that the various reasons for the hesitation and non-acceptance of coins by small businesses are not equally responsible.

Table. No. 14 Problems faced by Businesses while Depositing Coins into Banks

| Problems while Depositing | Never | Rarely | Sometimes | Many Times | Always | Total |
|--|-------|--------|-----------|------------|--------|-------|
| Banks hesitate to Accept Coins | 0 | 13 | 6 | 12 | 29 | 60 |
| Banks totally deny to Accept Coins | 3 | 13 | 5 | 25 | 14 | 60 |
| Wait for a longer period to Deposit Coins | 0 | 9 | 21 | 9 | 21 | 60 |
| Have to insist many times to the Bank Staff to deposit coins | 0 | 11 | 11 | 18 | 20 | 60 |

Source : Authors' Computation through SPSS 23

The above table expresses the problems faced by businesses while depositing coins into banks. 29 out of 60 respondents said that banks hesitate to accept coins whereas 42% respondents said that banks totally deny to accept coins. 35% of the respondents said that they have to wait for a longer period to deposit coins. Apart from that 33% respondents said that they have to insist many times to the bank staff to deposit coins

Table. No. 15 Negative Outcomes of Non-Acceptance of Coins by Small Businesses

| Problems while Depositing | Never | Rarely | Sometimes | Many Times | Always | Total |
|---|-------|--------|-----------|------------|--------|-----------|
| a. Loosing Customers | 8 | 21 | 25 | 6 | 0 | 60 |
| b. Conflict/Argument with Customers | 3 | 13 | 5 | 25 | 14 | 60 |
| c. Threatening by Customer to Call Police | 21 | 18 | 14 | 7 | 0 | 60 |

Source : Authors' Computation through SPSS 23

The above table describes negative outcomes of non-acceptance of coins by small businesses. From the survey it is confirmed that because of non-acceptance of coins 41.67% of the businesses are losing customers sometimes whereas 25 out of 60 respondents said that they are having conflict or argument with customers many times. On the other hand, 14 out of 60 respondents said that sometimes they are threatened by the customers to call police as they are not accepting coins.

Table. No. 16. Number of Businesses Using Cashless Methods

| | Frequency | Percent |
|--------------|-----------|--------------|
| No | 55 | 91.7 |
| Yes | 5 | 8.3 |
| Total | 60 | 100.0 |

Source : Authors' Computation through SPSS 23

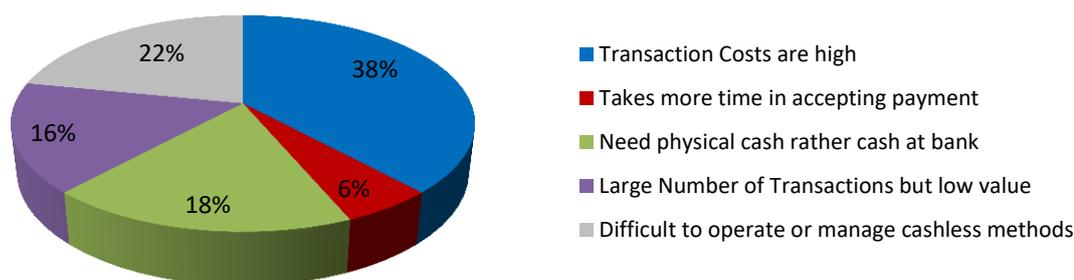
The above table explains the number of businesses that are using cashless methods. Even after demonetization we can still say there is not an increase in the cash-less payments by the vendors. From 100% to only 8.3% are using cash-less payment methods and rest of them i.e. 91.70% are still using cash payment system.

Table No. 17. Reasons for Not Using Cashless Methods of accepting payments by Businessmen

| Reasons | Frequency | Percent |
|---|-----------|------------|
| Transaction Costs are high | 21 | 38 |
| Takes more time in accepting payment | 3 | 6 |
| Need physical cash rather cash at bank | 10 | 18 |
| Large Number of Transactions but low value | 9 | 16 |
| Difficult to operate or manage cashless methods | 12 | 22 |
| Total | 55 | 100 |

Source : Authors' Computation through SPSS 23

Reasons for Not Using Cashless Methods of accepting payments by Businessmen



This above table and pie-chart reveals why the vendors are not using cash-less methods for payments. From the table we can conclude that because of the high transaction cost of banks which amounts to 21% the businessmen are avoiding for cash-less payments. And also 22% businessmen are unable to learn to operate the new technology so they are ignoring the cash-less transactions. 18% of the businesses prefer physical cash rather than cash in banks apart from that 16% of the businesses have more transaction but low value and rest i.e. 6% of the businesses thinks that cash-less methods take more time so they prefer cash payments.

Analysis of Primary Data Collected from Banks of Sagar City

Few questions had been asked to 20 branch managers of banks in Sagar City of Madhya Pradesh by personally visiting the branches. The questions were regarding the deposits of coins by the customers and the problems faced by the banking staff due to surplus supply of coins in the market.

Table No. 18. Hesitation by Banks to accept coins in the form of deposits

| | Frequency | Percent |
|--------------|-----------|------------|
| Always | 4 | 20 |
| Many Times | 7 | 35 |
| Sometimes | 5 | 25 |
| Rarely | 1 | 5 |
| Never | 3 | 15 |
| Total | 20 | 100 |

Source : Authors' Computation through SPSS 23

The above table highlights how frequently banks are hesitating to accept coins in the form of deposits. From the survey it is found out that 20% of the banks always hesitate to accept coins whereas 35% of the banks many times hesitate to accept coins. 25% of the respondents sometimes hesitate to accept coins on the other hand 15% banks never hesitate to accept coins. Similarly 5% of the banks rarely hesitate to accept coins.

Table No. 19. Which reason is more responsible for Hesitation in accepting Coins by Bankers?

| Reasons | More Responsible | Responsible | Less Responsible | Least Responsible | Not Responsible | Total |
|--|------------------|-------------|------------------|-------------------|-----------------|-----------|
| Problem of Counting while depositing | 6 | 8 | 3 | 2 | 1 | 20 |
| Customers are not accepting coins at the time of withdrawals | 11 | 5 | 1 | 0 | 3 | 20 |
| Problem of Storage or Carrying | 17 | 0 | 0 | 1 | 2 | 20 |

Source : Authors' Computation through SPSS 23

This table expresses the possible cause because of which the banks are not accepting the coins. As per the above table 8 bankers out of 20 think that because of problem of counting while depositing coins is one of the cause of non-acceptance of coins by bankers and also there are 11 bankers out of 20 revealed that customers are not accepting coins at the time of withdrawals apart from that 17 bankers responded that due to problem of storage or carrying coins, bankers are hesitating to accept coins. The main reason behind the hesitation is that the storage or carrying problem of coins. "RBI has gone slow on picking up coins because it doesn't have enough place in its vaults as these are filled with demonetized Rs 500 and Rs 1,000 notes, said a central bank official who didn't want to be named." (Ray, 2018)

IX. CONCLUSION

It has been observed that after demonetization there is excessive circulation of coins in Indian Economy. But such circulation has created many difficulties for small businesses, banks and consumers. Even the problem has affected every consumer irrespective of their occupation. The major reason of arising non-acceptability of coins is due to the problem of storage and carrying of coins followed by problem of counting. Due to these two problems, the coins are now illegally out of circulation by the wholesalers and small businessmen in Sagar City of Madhya Pradesh. In addition to that the hesitation by the banks regarding acceptability of coins at the time of deposits, creates more problem for consumers and businessmen. "Banks used to earlier limit acceptance of coins to a sum of Rs 1,000 under the Coinage Act." (Raj, 2018) "The regulator has also advised banks, preferably to accept coins, particularly, in Re 1 and Rs 2 denominations by weight. However, accepting coins packed in polythene sachets of 100 each would perhaps be more convenient for the cashiers as well as the customers, it said." (PTI, 2018) As per many reports, there are also some other cities like Vijaywada, Kanpur and few more cities which are affected by the same problems. The government should take necessary actions as soon as possible so that such problem of coins should not take place in other cities or areas in India. Moreover the government should take all necessary and required steps to encourage small businessmen and consumers to go for cashless transactions (even for a payment of small amount) more so that such problem of coins would be sorted quickly. If there is still excessive circulation of coins in the market the government should take initiative and find proper solution to dispose off coins.

X. FINDINGS & SUGGESTIONS

- ✓ The government has to find out some way in order to regulate the supply of coins in the economy. The government should divert the excess supply of coins to those cities or areas where there is still lacking of change.
- ✓ As the large wholesalers are not accepting payment in coins, the banks as well as the government should take initiative so that the wholesalers should be compelled legally to accept payment in coins from retailers.
- ✓ Coins counting machine should be invented as soon as possible and should be used by the banks and large wholesalers so as to overcome the difficulty in counting of coins.

References

- Business line.* (2017, December 29). Retrieved from Business line: <https://www.thehindubusinessline.com/news/national/rs-10-coin-being-rejected-in-pockets-though-it-is-legal-tender/article10005277.ece>
- Hindustan Times.* (2017, July 1). Retrieved from Hindustan Times, Kanpur: <https://www.hindustantimes.com/india-news/up-now-coin-bandi-hits-kanpur-traders-as-banks-refuse-to-take-small-change/story-3Bx7hyyd8vBjJqdwCGGuuM.html>
- Bureau, B. (2018, January 17). *All ₹10 coins are legal tender: RBI*. Retrieved January 25, 2018, from [www.thehindubusinessline.com: http://www.thehindubusinessline.com/money-and-banking/all-10-coins-are-legal-tender-rbi/article10038036.ece](http://www.thehindubusinessline.com/money-and-banking/all-10-coins-are-legal-tender-rbi/article10038036.ece)
- Ghunawat, V. (2017, August 4). *Demonetisation hits coins supply, but RBI sits on surplus production*. Retrieved January 7, 2018, from [www.indiatoday.in: https://www.indiatoday.in/india/story/demonetisation-coins-supply-mumbai-noida-atms-traders-association-1028110-2017-08-04](https://www.indiatoday.in/india/story/demonetisation-coins-supply-mumbai-noida-atms-traders-association-1028110-2017-08-04)
- Hindustan Times.* (2017, July 1). *UP: Now 'coin-bandi' hits Kanpur traders as banks refuse to take small change*. Retrieved Jan 28, 2018, from [www.hindustantimes.com: https://www.hindustantimes.com/india-news/up-now-coin-bandi-hits-kanpur-traders-as-banks-refuse-to-take-small-change/story-3Bx7hyyd8vBjJqdwCGGuuM.html](https://www.hindustantimes.com/india-news/up-now-coin-bandi-hits-kanpur-traders-as-banks-refuse-to-take-small-change/story-3Bx7hyyd8vBjJqdwCGGuuM.html)
- IANS. (2016, November 10). *Piggy banks, children's pocket money comes in handy after demonetisation*. Retrieved September 22, 2017, from [www.indianexpress.com: http://indianexpress.com/article/trending/trending-in-india/piggy-banks-childrens-pocket-money-comes-in-handy-after-demonetisation-4367848/](http://indianexpress.com/article/trending/trending-in-india/piggy-banks-childrens-pocket-money-comes-in-handy-after-demonetisation-4367848/)
- Kala, A. V. (2013, June 12). *India's Small-Change Problem*. Retrieved December 27, 2017, from The Wall Street Journal: <https://blogs.wsj.com/indiarealtime/2013/06/12/indias-small-change-problem/>
- Meher, B. (2017). Hurdles in Metamorphosing India's Economy to a Cashless Economy . *International Journal of Creative Research Thoughts*, 3582-3597.
- PTI. (2018, February 15). *RBI asks banks to accept coins of all denominations from public* . Retrieved February 25, 2018, from [www.economictimes.indiatimes.com: https://economictimes.indiatimes.com/news/economy/policy/rbi-asks-banks-to-accept-coins-of-all-denominations-from-public/articleshow/62936591.cms](https://economictimes.indiatimes.com/news/economy/policy/rbi-asks-banks-to-accept-coins-of-all-denominations-from-public/articleshow/62936591.cms)
- Raj, D. (2018, February 21). *Concern at banks avoiding coins*. Retrieved February 27, 2018, from [www.telegraphindia.com: https://www.telegraphindia.com/states/bihar/concern-at-banks-avoiding-coins-210135](https://www.telegraphindia.com/states/bihar/concern-at-banks-avoiding-coins-210135)
- Ray, A. (2018, January 11). *Coin production hit by storage problem as demonetised notes fill RBI vaults* . Retrieved Feb 4, 2018, from [www.economictimes.indiatimes.com: https://economictimes.indiatimes.com/industry/banking/finance/banking/coin-production-hit-by-storage-problem-as-demonetised-notes-fill-rbi-vaults/articleshow/62452740.cms](https://economictimes.indiatimes.com/industry/banking/finance/banking/coin-production-hit-by-storage-problem-as-demonetised-notes-fill-rbi-vaults/articleshow/62452740.cms)