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DEMONETIZATION IMPACT ON SMALL SCALE INDUSTRY UNITS: WITH REFERENCE TO MARATHWADA, MAHARASHTRA

Dr. Shinde Supriya B.

Teacher D.A.V. Velankar College of Commerce, Solapur.

ABSTRACT:

Demonetization is an executive action by which a country declares that the same currency is no longer legal tender. In contrast, the demonetisation announced on 8 November 2016 was different; The first policy was adopted and announced by the Prime Minister and the second was to radically change the economic activities of every citizen; 500 and Rs. 1000 were declared as illegal tender. About 86% of the currency in circulation was demonetized. This paper studies the impact of demonetisation on the structure of small traders in Marathwada Division of Maharashtra and describes in detail the distress faced by small traders in connection with demonetisation.



KEY WORDS: *Small Scale Industries, Demonetization, Digital Money.*

INTRODUCTION :

Business refers to the process of enterprise activity; A professional person embraces the effort to set up. In a developing nation like India, small scale business plays a major role in the economic growth of the economy. It has emerged as a dynamic and vibrant part of the economy. Small scale retailing is the most popular strategy for enterprise generally achieved in Kerala. This retail includes general stores, claim to fame shops, second hand merchandise shops, road slow down holders etc. Recently, small businesses have faced some disruptions here and there. Among them, the problems arising from the demonetisation strategy appeared to be major. The most recent demonetisation in India was the Prime Minister of India's sudden announcement at 8:30 pm on November 8 that apart from the 500, 1000 rupee notes would no longer be legal tender from midnight on November 8, 2016. RBI issued Rs.2000. Rs 500 notes and new notes available for use from 10 November 2016. This measure has been taken by the Prime Minister in an effort to raise awareness against impurity, dark money and fake notes. The move is needed to clean up the formal financial framework and dispose of dark money from it.

Demonetization is essentially a demonstration of stripping the cash unit from its lawful status. It is for the most part a demonstration of changing the national money of any country. There might be any reason of demonetization, predominantly to bring into account the unaccounted salary of the Nation. Possible ways to change the pre-demonetisation money supply:

- There will be agents in the economy who have cash that they cannot account for and therefore cannot keep in the banking system. This part of the currency will expire as it will not be replaced in any way.
- The government may choose to replace only a portion of the currency that was in circulation as cash. In other words, the rest will only be available as electronic money. This could be a mechanism to facilitate the transition to a cashless medium of exchange.
- The experimental scope of these two components will be unfolded in the next six months.
- Both will have different effects on the economy in the short and medium term.

History of Demonetization:

Indian history of demonetization has been very intriguing because of its political effect. It is evident that the demonetization has turned out to be a Healthy advance taken by any Govt. which just advantages to the Nations improvement when we talk in a long haul situation. Be that as it may, it is additionally a fascinating as the Government in India at whatever point has Guts to take such an essential Step of demonetization has confront bunches of disputable restrict inside its environment and resistance parties. When we investigated the historical backdrop of demonetization in India, It happen thrice in 1946, 1978 and as of late in 2016.

Small Scale Industries:

In Indian economy small scale and cottage enterprises involve an essential place, in light of their business potential and their commitment to add up to mechanical yield and fares. In Indian economy small scale and cottage businesses possess a vital place, due to their work potential and their commitment to add up to mechanical yield and fares. Administration of India has been quite currently working in advancing this area as this segment has a major effect over the advancement of the country.

Review of Literature:

Pappu Kumar Rajak (2018) defined the economic impact of demonetisation in Indian economy with the help of pros and cons model. With the help of the model, he is able to define the disadvantages of demonetisation when applied to the Indian economy and the positive economic effects in the long-term economy.

In this paper **CD Equisearch Pvt Ltd (2017)**, they focus on the impact of demonetisation on various sectors. The demonetisation act casts a dark shadow over India's small-scale industries, agro-based industries, tourism and hospitality industries. Cash shortages have adversely affected the liquidity of the country's currency exchange.

Bonny Bose (2018) explains in his article about the impact of demonetisation on small traders. They focus on the effects, merits and demerits of demonetisation along with Indian business prospects

Statement of the Problem:

The current demonetisation strategy of the government has affected the small businessmen in the short term. The Economic Times (2016) revealed Agadia's assertion that no one has the liquidity to exchange off-the-charge. As retail parts create money exchanges, their deals may decline.

Objectives:

- To understand the impact of demonetization on small scale industries

Methodology:

The study is based on both primary and secondary data, primary data was collected through questionnaires which were randomly distributed to 80 small scale vendors and secondary data was collected through journals, reports, magazines and various websites related to small scale industries.

Analysis and Interpretation:**Table 1.0 Gender wise Distribution of the Respondent**

Sr. No	Gender	No. of Respondent	Average
1.	Male	64	80.00
2.	Female	16	20.00
Total		80	100.00

Source: Fieldwork

The above table 1.0 describes the gender wise distribution of the respondent and it is observed that out of 80 respondent 64 (80.00) are male respondent and 16 (20.00) are female respondent.

Table 1.1 Age wise Distribution of the Respondent

Sr. No	Age (in Years)	No. of Respondent	Average
1.	< 30 years	12	15.00
2.	31 - 45	40	50.00
3.	46 - 60	20	25.00
4.	> 60 years	08	10.00
Total		80	100.00

Source: Fieldwork

The above table 1.1 describes the age wise distribution of the respondent and it is observed that below 30 years of age respondent are 12 (15.00) respondents, between 31-45 are 40 (50.00) respondents, between 46-60 years of age are 20 (25.00) respondent and remaining 8 (10.00) respondents are above 60 years of age.

Table 1.2 Industry wise Distribution of the Respondent

Sr. No	Type of Industry	No. of Respondent	Average
1.	Computer Net Café	05	06.25
2.	General Stores	12	15.00
3.	Kirana Shops	26	32.50
4.	Medical Shop	19	23.75
5.	Hair Saloon	07	08.75
6.	Veg. Shop	08	10.00
7.	Bakery and Hotel	03	03.75
Total		80	100.00

Source: Fieldwork

The above table 1.2 describe about the industry type distribution of the respondent and it is observed that out of 80 respondent 05 (06.25) respondent are belong to computer net café, 12 (15.00) respondent are belongs to general stores, and majority of the respondent 26 (32.50) are belongs to Kirana shop, 19 (23.75) respondent are belongs to medical shop, 07 (08.75) respondent are belongs to hair saloon, 08 (10.00) respondents belongs to Veg. shop and remaining 03 (03.75) respondents are belongs to bakery and hotel.

Table 1.3 Perception of Demonetization Policy

Sr. No	Perception of Policy	Mean	p Value
1.	Demonetization Decision	3.62	<0.001
2.	Demonetization Planning and Implementation	1.97	<0.001
3.	Demonetization as a implement to black money curb	2.31	<0.001
4.	Demonetization as a implementation of curb corruption	2.05	<0.001
Significant Value			0.001

Source: Survey Data

Interference: When we analyze the data based on the mean score, we can see that demonetisation decision is generally accepted as it has a mean score of 3.62, but the way of planning and implementation does not work as reflected in the mean score.

Table 1.4 Associations with Socio Economic Variable

Sr. No	Variable	p Value	Interference
1.	Gender	0.238483	Not Significant
2.	Age	0.350641	Not Significant
3.	Industry Type	0.236749	Not Significant

Source: Survey Data

Interferences: Socio-economic variables such as gender age group type and industry type are not associated with demonetisation policy as its p value is greater than the generally accepted level of significance.

Table 1.5 Problems of Demonetization

Sr. No	Problems of the Policy	Mean	p Value
1.	Non-Availability of the 500 notes	3.42	<0.001
2.	Lack of Sales	3.26	<0.001
3.	Huge rush at bank	2.69	<0.001
4.	Problems to Suppliers payment	1.48	<0.001
Significant Value			0.001

Source: Fieldwork

Interference: While thinking about the understanding of demonetisation strategy, we can understand that absence of offer is a major problem of dealers. It has an average score of 3.42 due to lack of small denominations (3.26) and non-availability of new 500 notes (2.9). Payments to providers are minimally affected by demonetisation.

CONCLUSION:

The demonetisation regime has been tried by the Prime Minister against impurity, dark money and counterfeit notes. Based on the investigation, we found that the option of demonetisation was widely accepted by the traders but its arrangement and usage was somewhat unattractive. Individuals who work a small amount were hit the hardest as their deals suddenly fell sharply. However, now a large portion of merchants are using PayTM and other advanced techniques. As a solution the administration can step forward and provide more online offices to small brokers.

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