

Proscribe on Currency (Bad Economics) Crash on Indian Business

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ABSTRACT

The government of India announced ban on circulation of 500 and 1000 notes on 8th November, 2016. What will happen to our business? Is it enhances the business turnover or decreases the turnover of business? How it will give impact. How the customer reacts. Every business in India is based on customer. Ban on currency a bad economics. Is it the right time to think and do business? What are the business opportunities are available for us and for entrepreneurs under these circumstances. The authors organized a survey to the business community nearby based on convenience sampling. This articles explains the impact of demonetization on Indian business and sectors which having boom and badly affected. It framed hypothesis on the perception of business people on demonetization. It also gives the solutions for demonetization for the business community.

Keywords: Demonitization, Digital Business India, Surgical Strike.

1. INTRODUCTION

The government of India announced ban on circulation of 500 and 1000 notes on 8th November, 2016. What will happen to our business? Is it enhances the business turnover or decreases the turnover of business? How it will give impact. How the customer reacts. Every business in India is based on customer. Ban on currency a bad economics. Is it the right time to think and do business? What are the business opportunities are available for us and for entrepreneurs under these circumstances.

Ban of highly denominated notes is good or bad to business? It decreases the sales or increases the sales again a question mark. In long run or in short run what will happen? What about the prices of products. How it will be the prices will decrease or increase? Is it a bad time for business? Or good time? Customers and business people is under great confusion and eagerly waiting what will happen and how to cash it.

Now see all the business whether it is a fish market, vegetable market, car market, two wheeler, provisions, gold market which market is profitable under these circumstances. Gold market lot of restrictions now. What to do?

2. IMPACT OF CURRENCY BAN ON INDIAN BUSINESSES

The announcement of ban on currency notes 500 & 1000 a dare decision made by Honorable Prime Minister of India. The Industry, people, Businesses and politicians, Industrialists everybody welcomed the decision of the prime minister initially but what is the impact of it nobody assumed. Is it a Bad economics or Good economics people astonished? Even One or two days the people belong to all the sectors unable to comment. The opposition parties started commenting with a common starting statement that is welcoming the decision but started criticizing it. Anyhow overall the decision crashed businesses like a big wave to a ship which is going smoothly on the sea. Now we can also say that the scheme impacts the businesses at all levels.

3. IMPACT ON INDIAN ECONOMY

Indian economy is based on agriculture. Most of the people depend on agriculture. The rural economy is impact hardly because most of the farmers do's transactions only through notes. They do not do online transactions. They even do not have plastic money also. Very less people will have bank accounts. It is shock to the agriculture sector.

Division of Business:

- Sole Trader
- Partnernership
- Company
- Joint Hindu Businesses
- Cooperative Societies

There is another division that is Whole Sale Business, Retail Business, Middle men, Producer to consumers. There is another type of businesses that is Organized Sector & Unorganized Sector. Any type division, any kind of business, whether it is a whole sale retail or organized sector or Unorganized sector whatever it may be it is now under great impact. Even the small vendors on the roads also not having business. The customer is now kept silent and he is watching what is happening. We can say all the sectors badly affected no doubt about it.

List of Sectors Badly Affected in India¹:

1. Rural sector
2. Domestic house hold sector
3. Real Estate
4. All retail businesses

5. Medical Businesses
6. Hotel Industry
7. Construction Industry
8. Travelling industry
9. Film Industry
10. Equity Markets²
11. Education Industry
12. Iron Industry
13. Cement Industry

List of Sectors Which Have Boom:

1. Banking business
2. Gold, Silver & Jeweler Businesses
3. Financial Services & Technology³

The researcher went with a structured questionnaire consists of different questions to in and around business people living and doing businesses. Most of the respondents responded negatively to the decision of discontinuation of 500 & 1000 notes. Let analyze and see what the questions are and what the answers they have given. The questions are descriptive and yes or no questions and fill the blanks. The main objective of this questionnaire is to obtain his feedback or perception on this surgical strike on businesses and Traders. We will first analyze the yes or no questions. We interviewed 19 Business houses combination of sole traders and partnerships.

Analysis of the Data

<i>S.No.</i>	<i>Question</i>	<i>Yes</i>	<i>No</i>	<i>Percentage</i>	
1	Do you have the debit & credit card swiping facility in your business firm?	3	16	16	84
2	Do You Do Business online?	2	17	10	90
3	Do You support the ban on currency notes?	12	7	63	37
4	Does Your Business affected by ban on currency notes 500 & 1000	19	0	100	0
5	Are you accepting the old notes from the customers for sales up to Dec 30 th 2016?	6	13	32	68
6	Are you feeling difficulty with the customers who came for purchasing?	19	0	100	0
7	Do you want to extend the due date for exchange of old currency	15	4	79	21
8	Are you facing difficulties in purchasing or producing the goods for acquiring stocks?	18	1	95	5

Hypothesis Calculation:

The results of a contingency table X^2 statistical test performed at 01:08 on 25-NOV-2016.

Data: contingency table

	A	B	
1	3	16	19
2	2	7	9
3	12	7	19
4	19	0	19
5	6	13	19
6	19	0	19
7	15	4	19
8	18	1	19
	94	48	142

Expected: contingency table

	A	B
1	12.6	6.42
2	5.96	3.04
3	12.6	6.42
4	12.6	6.42
5	12.6	6.42
6	12.6	6.42
7	12.6	6.42
8	12.6	6.42

Chi-square = 67.3

degrees of freedom = 7

probability = 0.000

Chi-square value is greater than the table values at 95% and 99% confidence levels

HO Ban on High denomination currency notes is supported by the business people

HA Ban on High denomination currency notes is not supported by the business people

- Hypothesis rejected it mean that Ban on currency notes not supported by the business people at 95% and 99% confidence levels.

No we will see the fill in blanks and other questions how they answered and how they responded

Q1. Name of the Business Houses

Subhan General Stores 1	Kundan Beauty Parlour 2	General Stores 3	Wholesale Business 4	Super Markets 5
Rice & Jaggery 6	Bharat Hotel 7	S.R. General Stores 8	Hotel 9	Kamakshi Sai Fertilizers 10
Books & Stationery 11	Aruna Printers 12	Mutton Business 13	Ramana General Stores 14	Agarbathi Business 15
Balaji General Stores 16	Archana Nursery 17	Irfan General Stores 18	Bricks Business 19	

Q2. Type of Organizations

S.No.	Type of organizations	Number	CF	Percentages
1	Sole Traders	18	18	95
2	Partnership	0	18	0
3	Company	0	18	0
4	Cooperative Society	0	18	0
5	Joint Hindu Family Business	1	19	5
	Total	19		100

- Analysis says that 95% percent are sole traders and 1 Joint Hindu Family Business. There are no company people and cooperative sectors.

Q3. The Number of Employees

Employees	No. of organizations	CF	Percentage
0	2	2	10
1	7	9	38
2	5	14	27
3	2	16	10
4	1	17	5
5	2	19	10
Total Employees working in firms	19		100

- The maximum number of employees in the businesses is minimum 1 and maximum 7. It also indicates there are 2 businesses with zero employees.

Q4. More Than One Location

No of locations	No of units	CF	Percentage
1	17	17	90
2	2	19	10
3	19		100

- 90 % organizations are not having branches or units in other location. 10 % business people only having more than 1 unit.

Q5. Annual Turnover of Sales per Year

<i>Turnover Rupees in lakhs</i>	<i>No of Firms</i>	<i>CF</i>	<i>Percentage</i>
0-10	14	14	75
10-20	2	16	10
20-30	2	18	10
Above 30	1	19	5
Total	19		100

- The turnovers of the business units are 70% are from 0 to 10 lakhs and above 10 lakhs are 4. The average sale per year is 9.73 lakhs.

Q6. Average Sales per day

<i>Turnover Rupees in thousands</i>	<i>No of Firms</i>	<i>CF</i>	<i>Percentage</i>
0-20	17	17	90
20-40	1	18	5
40-60	0	18	0
60-80	1	19	5
Total	19		100

- The total average sales are 14.21 thousands per day. 90% businesses fall under 0 to 20000. There are small business units in the study area.

Q7. Average Sales per Week

<i>Turnover Rupees in thousands</i>	<i>No of Firms</i>	<i>Percentage</i>
0-20	12	65
20-40	1	5
40-60	5	25
60-80	1	5
Total	19	100

- A total Average sale is 24.73. Maximum business units are under 0 to 20 categories.

Amount of Loss Incurred for the Business People

1. 50% business loss told by a general stores merchant
2. 30 to 40% business loss told by a beauty parlour
3. 10,000 rupees of sale lost every day expressed by a general stores
4. Some amount of sales decreasing Rice and Jaggery
5. 300 rupees of sale per day effected by a fast food centre
6. 5000 rupees of sale loss per day told by a general stores
7. Half of my business transactions lost told by a hotel owner
8. 10000 rupees of sale lost by a fertilizers stores

9. Yes agreed there is a loss of business told by a book stores
10. 2000 rupees of sale per day is lost told by a printers
11. 1000 rupees of sale per day lost told by a mutton vendor
12. 300 per day of sale lost told by a general stores
13. 3,65,000 worth business loss wholly told by a agarbatti business vendor
14. 200 to 300 business loss expressed by general stores
15. 10,000 worth business loss by a nursery vendor told
16. 2000 to 3000 worth loss of business told by a general stores
17. 4 00000 worth business lost told by bricks business vendor

Strategies Adopted by the Business Under Ban Of Notes

1. Offering goods or stocks on credit basis to the loyal customers
2. Allow the customer to return the money at their comfort
3. Accept the 500 notes and 1000 notes up to Dec 30th
4. Swiping facility to the customers
5. Offering more discounts to increase the sale
6. Extending the credit period and due dates
7. Asking credit from suppliers
8. Asking and requesting the customers to take more goods worth 500 and 1000 fully

Opinions and Reactions of the Traders

Some of the business people expressed that they are not having any idea to be implemented. They are facing lot of problem with the change while performing the transactions. Customers also not coming forward for purchasing the goods in large quantity. Traders also expressed that for overcoming this problem swiping facility must be there but we are not having that facility in their outlets. Some traders reduced the stock balances. They are purchasing the fast moving goods and essentials. Traders are avoiding keeping bulk stocks. For perishable goods like milk, cakes, and sweets the business men may suffer.

Some of the traders expressed that it is a good decisions of the Government of India after a long time. It is also expressed in their opinions that Implementation of the decision is not up to the mark. Normal people are suffering.

4. RESEARCH METHODOLOGY

Review of Literature

1. Frequent change in policy causing harassment to poor; Hence saying there are lot of difficulties, let's discuss sort it out-Mallikarjun Kharge⁴

2. We now have technology available for online financial transactions. We need to encourage and educate people toward this end. Narendra Modi, Prime Minister⁵
3. Any global survey on corruption shows India poorly ranked. We need to change this. Narendra Modi, Prime Minister⁶
4. GDP will decrease 3% expressed by Manmohan Sing former prime minister of India in Parliament.
5. Note ban to badly disrupt economy activity in short run: Moody's⁷

Objectives:

- Perception of business people on ban on currency notes 500 & 1000
- Impact of currency ban on Indian Businesses
- Business Strategies to be followed under present scenario for sustainability
- Profitable Business opportunities under the current scenario

Primary data:

Questionnaire & interviews and interactions

Sampling

Convenience Sampling

Secondary data

Websites, news papers, Televisions, & Magazines

Findings:

1. All the businesses under great loss
2. All the business man under desperate conditions
3. Business people are not accepting the decisions of Ban on High denomination currency notes.

Solutions:

1. All the Bankers has to issue swiping machines for all the business people even for small business houses also
2. Banks should run Mobile banking facilities nearby markets and business places to cooperate with the business people in supplying change to the big notes currency
3. Even the business people should accompany with the customers to help them in fulfilling the transactions
4. Allow the customers to take credit and ask them to pay at their convenient date and time for payments.
5. Make the sales boys to be alert and train them in using swipe machines and helping the customers.

6. Display boards of accepting the 500 & 1000 notes up to Dec 15th 2016.
7. Take the help and advices of Bankers and Financial experts.
8. Encourage the customers to do online payments and help them in downloading apps like Pay U money, Airtel and inculcate awareness in online banking.
9. Receive the customers with respects and maintain good customer relationship with the customer who visits.
10. Think positive and be patient with the customers.
11. All the businesses must wait for a period of 6 months to 1 year to get it into normal stage and to enter into the growth period.

5. CONCLUSIONS

We conclude that the business of India under crisis and it is the time of a correction. Digital literacy is now required for the people and customers. E commerce and E Business getting momentum. Online business plays a vital role. Now it is not the time to search for business opportunities but the time to create digital markets and digital business. It may take another 6 months to 1 year to get it into the normal stage. It is a big problem to the small businesses. Let us hope India will become DIGITAL BUSINESS INDIA in the future.

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