
“IMPACT OF DEMONETISATION ON VEGETABLE MARKET” A CASE STUDY ON KALABURGI REGIONAL VEGETABLE MARKET BETWEEN 2016 TO 2017

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Abstract: Demonetization is a tool of Government to eliminate the currency. There are multiple reasons why nations demonetize their local units of currency. Some reasons include to brush-off Fake currency, to brushoff corruption, and to dispirit a cash system. The process of demonetization involves either introducing new notes of the same currency or completely replacing the old currency with new currency. Indian government adopted demonetization on 08 November 2016 to tackle with black money and make India a cashless digital economy. It is used in very adverse situations. The study aims to understand the impacts of demonetisation on the small and marginal vegetable vendor and the change that has arisen in their daily business and innovative ideas that they have undertaken to overcome this problem of low cash circulation and digital transaction of short term and long term in market.

This paper covered what are the post effects of demonetization on consumer behaviour towards the digital transaction. Also Focused throws light on how much positive and negative impacts of demonetisation and briefly explain towards the digital transaction and limited cash circulation in the market. This study also indicates about government's interfeerer for solving short term and long term difficulties of low cash circulation in the market. This study also analyses the vendor loss and profit due to demonetisation.

Keywords: Cash Circulation, Digital Transaction, Price Condition, Vegetable Vendor.

Introduction: The government of every country focuses on long term prosperity. In India, on the night of November 8th, Prime Minister Narendra Modi announced demonetisation.

This historic decision has affected almost all the sectors. Some have benefited in long run while others have suffered in short run. This paper specially intends to analyse the effects of demonetization on small vegetable vendor and medium vegetable vendor.

Due to sudden announcement of demonetisation few months after small and medium vendor s losttheirprofit and some vendor closed their business due to in-equilibrium between demand and supply. And many of them are not literate also they cannot afford major change in the market due to the traditional working and business practices Various analysts, experts and scholars have expressed their views regarding impact of demonetization on the economy and have estimated 0.5% - 3% impact on the Gross Domestic Product (GDP) of the country in the current financial year 2016-17.

Review of Literature:

GeetaRani: (2016) “Effects of demonetization on retail outlets” in this article concluded that t what’s are the post effects of demonetization on retailers. This paper throws light on how much problems faced by shopkeepers, how their business effected and the effects on most popular brands sale. This paper also tells about consumers shifting to cashless means such as paytm, internet banking etc.

Deepa Krishnan: (21 Jan, 2017) Survey of the “Effects of Demonetisation on 28 Slum Neighbourhoods in Mumbai” in this survey he mentioned that To assess the full impact of the policy on the economic conditions of the surveyed families, additional data will be needed in the future. Based on respondents’

expectations, how lower-income families store their savings in the future might differ significantly from the past. In particular, bank accounts are expected to increase in importance, while cash is expected to drop substantially as a storage choice. Whether or not such changes actually occur remains to be seen. Similarly, while there are signs of changes of how payments can be made and are made by vendors and customers in slum communities, it is too early to tell how significant these changes might be. The majority of respondents view the policy overall as positive, including the majority of those that experienced some loss of income in November.

Dr. Rajiv M. Jadhao: “Impact of Demonetization on Indian Farmer” in this article he mentioned that - As we all know that people engaged in the Farming activities are 70% of total population of India, rural households depend on agriculture as their principal means of livelihood agriculture along with fisheries and forestry, accounts for one third of the nation’s and many of them are not literate also they cannot afford major change in the market due to the traditional working and business practices farmers already suffering and facing problem from the natural calamities and market fluctuations and exploitation from the middleman and now a days new elected government declared that 500 and 1000 rupees notes are not a legal tender, it like removal of blood from the human body. How it is getting circulated? How bodies get the functioning? Human body get anemic and like that economy also get anemic due to insufficient flow of materialistic currency.

Objectives of Study Area:

- 1) The study aims to understand the impacts of demonetisation on vegetable vendor
- 2) To understand what are the post effects of demonetization on consumer behaviour towards the digital transaction and change problem.
- 3) To understand the difficulties of low cash circulation and change problem in the vegetable market.
- 4) This study also analyses the vendor loss and profit due to demonetisation.

Methodology:



The research project is mainly based on primary data. In primary data The questionnaire survey was conducted on selected vegetable traders based on convenience sampling method. In this method collected information to met individual vendor information. The collected data have also been tested with the help of Simple percentage. The respondents from various vegetable vendors are grouped into four major categories for the purpose of analysis such as marginal vegetable vendors, small vegetable vendors, and Medium vegetable vendors, large vegetable vendors. (Based on selling vegetable in terms of kg/day).

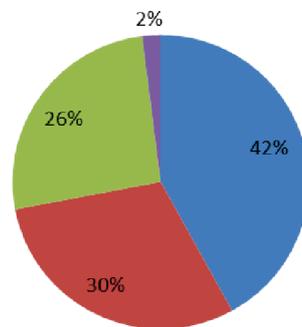
The study area based on kalaburagi town. This case study area covered almost 8 to 10 small vegetable market in kalaburagi city around 6 lakh people. The sample size is 80 vegetable vendors in a town of 6 lakhs population.

Data Interpretation:

No of responder	Male	Female	Marginal vegetable vendor	Small vegetable vendor	Medium vegetable vendor	Large vegetable vendor
80	48	32	31	25	19	5

1. kind of vendors in kalaburagi city

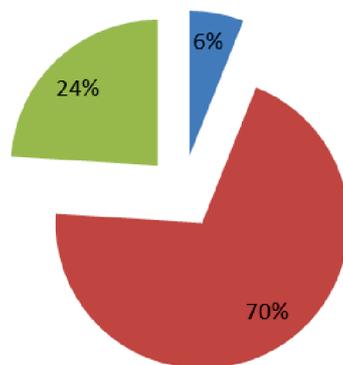
- Marginal Vendor (less than 100kg)
- Small vendor (100 to 500kg)
- Medium vendor (500 to 1000kg)
- Large vendor (above 1000kg)



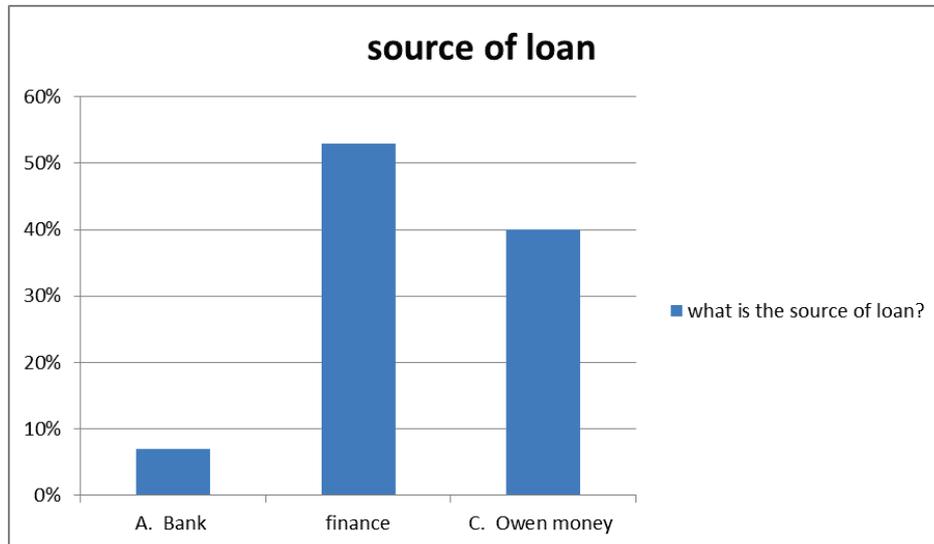
Above pie-chart shows total Vegetable vendors in terms of percentage based on sample survey method in kalaburagi town. 42% of Vegetable vendors are marginal vendors. Means they are not able to sale more than 100kg per day. These types of vendors are huge in kalaburagi city. And also these vendors are facing huge transaction problem in the market. because they are poor in using digital transaction. And 30% Respondents are small vendors. Means they are not able to sale more than 500 kg per day. This type of vendors is also big in kalaburagi city. . 26 %Vegetable vendors are medium vendor. Means they are not able to sale more than 1000 kg per day. These types of vendors are medium in kalaburagi town. Than compared to marginal vegetable vendors' large vegetable vendors are less only 2% in kalaburagi town.

2. Source of vegetable

- A. Owen vegetable
- B. Middle man
- C. Both (Owen and middle man)

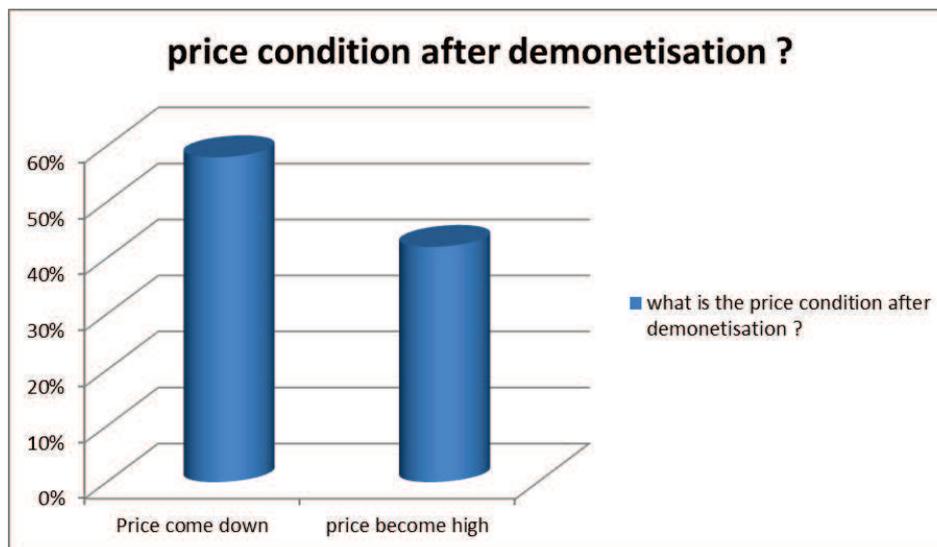


Above pie chart indicates that 70% of vegetable vendors are dependent on whole seller in kalaburgi town. Vegetable vendors are brought their vegetable from whole seller than they will bring into market. And 24 % of vegetable vendors are sale vegetable from their own as well as whole seller. And only 6% of vegetable vendors are used their own field vegetables and these type of vendor very less in the kalaburgi city market.



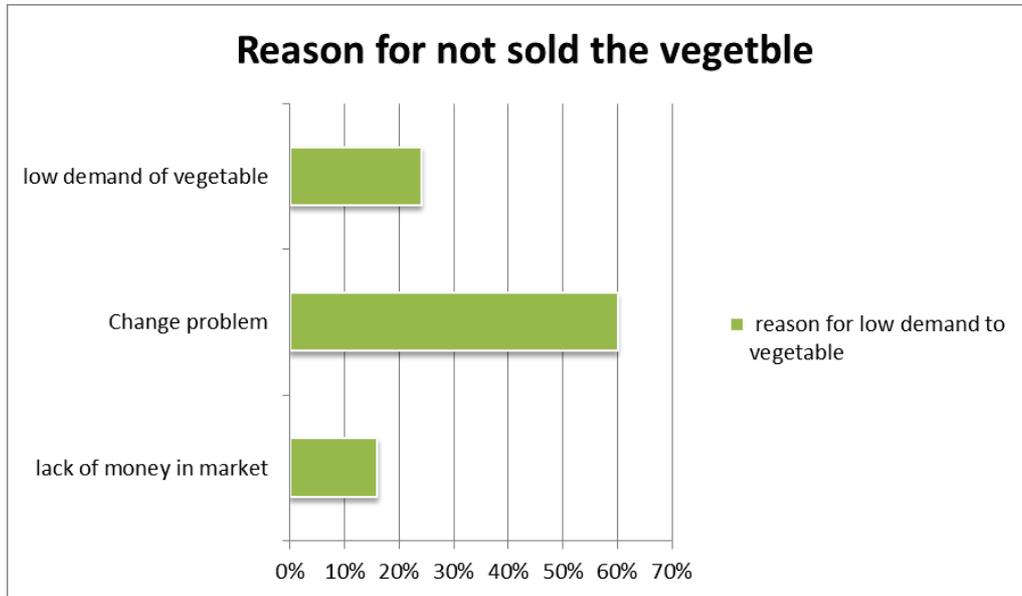
As per Above Table 53 % vegetable vendors are dependent on finance (money lender) loan source with high rate of interest (4 to 5% per month).this is very difficulties in maintaining financial balance in their daily activities. Finance loan is very risk to the vendors because of low profit in their daily business.

40% vegetable vendors will use their own money .these type of vendors are not under risk because only their profit rate is down but they are maintaining supply as per demand .Compared to both source of loan vendors are not depend much on bank source(7%) in the kalaburgi city.

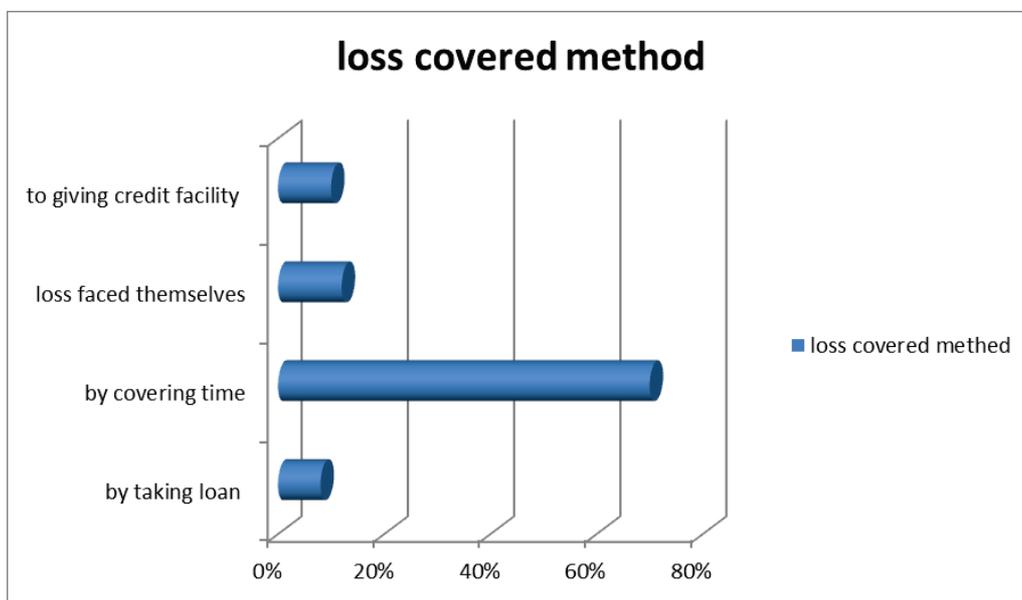


As per shows above table 60% of replied comes that after demonetisation price is come down due to lack of money circulation in the market. than it leads to come down of consumer purchasing power. Than 40% of responders are replied that price is very high due to low supply of vegetable in the market. It means demonetarisation effected both demand side as well as supply side. These both problems faced

by seller as well as buyer. Some vendors are lost their profit but they are try to maintaining equilibrium point on demand and supply.



As per shows above table 60% of vegetable vendors are replied that after demonetisation they faced change problem in the market due to lack of circulation low value currency (Rs. 20, 50,100). And 26% of responder replied that after demonetisation we faced low demand to vegetable due poor purchasing power. Remaining 14% of responder replied that there is a low demand due to lack of money circulation in the market. Small and marginal vendor are facing transaction problem because one side change problem and another side no awareness about digital transaction.

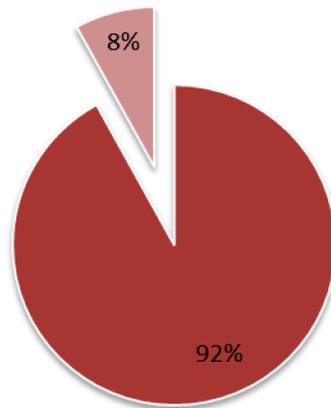


As per above tables shows that 70% of respondents replied that after demonetisation we faced loss in the business due to in-equilibrium between demand and supply. Than they maintained supply as per demand. Remaining 10 % of vendor faced their loss covered themselves to them there is no alternative way for covering the loss in short run .12% of vendors covered the loss by giving credit facility to

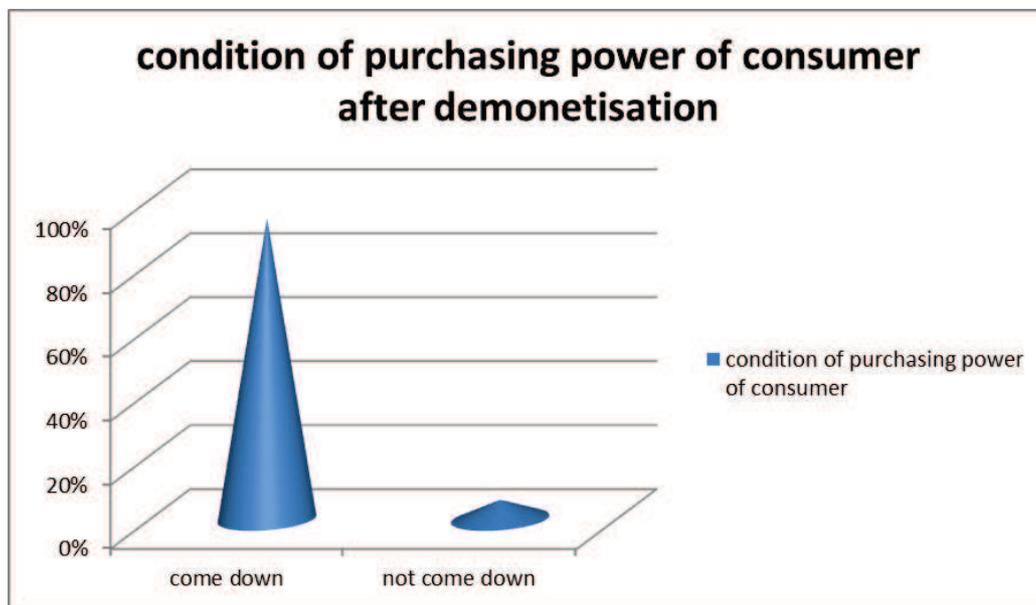
consumer to avoid change problem. 8% of vendor covered their risk by taking loan by finance. Above all method used by vegetable vendor to avoiding risk and avoid loss in their business.

Type of cash transaction

■ cash transaction ■ digital transaction



Demonetisation's one of the main objectives is bringing the digital economy. But some of small trader faced the difficulty to accept because they are not aware about digital transaction As per above pie chart shows that 92% vegetable vendors are not able to adopt digital transaction in their business due to no awareness about digital transaction. And only 8% of vendors are aware about how to use the cashless transaction. Above mentioned report will says that due to lack of money supply in the market there are huge problem faced by vendors.



As per Above Table Consumer also replied that 94 % consumer purchasing power come down due to lack of money circulation, and as well as people don't have enough money to spend. Almost majority of customer they don't know digital transaction and low supply of vegetable in the market these all reason is causes for purchasing power come down. And only 6% of vendor are replied that purchasing power is not come down because they know about digital awareness by usage digital transaction.

Negative Effect of Demonetisation:

- 1) Low Supply of vegetable :- vendor are facing main problem of low level of supply in whole sale market due to sudden banned high value amount (500&1000) its create shortage amount in big transaction so that's the reason supply has come down than its creates high price in the market.
- 2) Low demand to vegetable:- vendor are facing another problem of low level of low demand to vegetables because consumer also faced difficulty for purchasing vegetables due to lack of money high value amount its create shortage amount in big transaction so that's the reason for demand has come down than its creates low price in the market.
- 3) Profit come down:-due to lack of money circulation and low supply of vegetables in market and demand decreased than automatically price will come down that's the reason profit also decreased.
- 4) Its create Change problem in the market it's also disturb to smooth functioning of business

Positive Effect of Demonetisation:

- 1) Demonetisation brings the necessity to make online transaction vendor as well as customer due to low circulation of money.
- 2) It will implement the Cashless economy in the market.
- 3) Demonetisation involves the people in Banking Activity

Some Suggestions/Recommendation to Overcome from Demonetisation's Short Run Problem:

- 1) There is a need of digital awareness to every vegetable vendor because of their smooth function.
- 2) Government should circulate low value amount Rs. 50, 100 and Rs. 500 notes so that there should be sufficient circulation of money in the market.
- 3) Government needs to increase money supply throw banks and ATM.
- 4) From government side provide training and workshop to vendor for becoming awareness about digital transaction.
- 5) Avoid high value notes (Rs2000 and 1000) its leads to change problem in the market.
- 6) Marginal and small vendors are expected financial support from government side to improve their business.
- 7) The banks should provide swiping machines to all the vegetable vendors with free of cost and exempt from service tax.

Conclusion: Demonetization has affected the short term needs of the people basically belonging to the lower and middle class families for whom cash is the primary mode of payment for their day to day activities. And as well as small and marginal venders also suffered a lot due to the impact of Demonetization on in kalaburgi town. Small and marginal sector typically sees high cash transactions and therefore near-term impact could be seen till liquidity is infused in the business sector. As Vendor faces a temporary shortage of cash in hand, it could lead to a loss in profit in the short term. The vendor appeal is that to as much as possible avoid change problem. Majority of vendor waiting for digital training workshop for their smooth transition

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