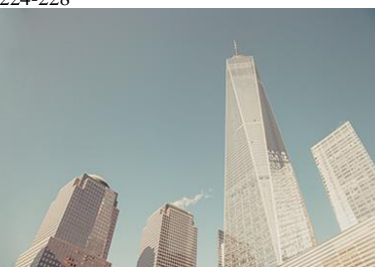


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Demonization: Problems of small and medium enterprises in Rohtak district

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Abstract

Contemporary economies are essentially undergoing a rapid transition towards a digital economy. A digital economy like this is paving the path for many financial transactions. These kinds of technological developments are allowing every country to modify its own monetary policy. Technological developments of this nature are allowing countries of all stripes to make monetary policy adjustments. Thanks to technological improvements, countries may now adjust their monetary policies to meet varying economic demands. The Indian government also made a big change to its monetary policy in this sector to accomplish several aims. Given the vital role that small sellers play in India's unorganized economy, the focus of this study is on them. They are facing several problems as a result of the demonetization process. Their company's operations have suffered in some way as a result of the demonetization process. It also hurted their sales, which affected their daily operations.

Keywords: Demonetization, small and medium enterprises

Introduction

"To deprive (a metal) of its capacity as a monetary standard" or "to withdraw from use as currency" is how the dictionary defines DEMONETISE. Demonetization, then, is the process of removing a monetary unit's legal tender status. It involves taking away a monetary unit's legal validity. A means of trade in which the Central Government, through the Governor of the Reserve Bank of India, gives legal standing to a guarantee by declaring, "I promise to pay the bearer, the sum of money." All previously demonetized currencies will cease to be accepted as legal tender on the demonetization date.

Such money must be replaced with fresh money and cannot be used to pay for any further transactions. A monetary process known as "demonetization" involves removing a particular currency unit's legal tender status. It also explains how a monetary unit's legal tender status may be revoked. For a number of reasons, governments decide to replace all of the present currency or stop issuing certain denominations. Demonetized currency is taken out of circulation, stored in banks, and then replaced with either newly produced currency or currency that is already in use. The process of switching from a cash-based to a cashless transaction system is known as demonetization. Since hard currency may be used to avoid taxes, reduce the quantity of money banks have on hand, and raise the national debt, governments and financial institutions now forbid its use. Demonetization, in this context, is the process of taking something out of circulation or terminating the legal tender status of a currency note for a certain denomination inside a nation.

On November 8, 2016, the Indian Central Government announced the demonetization of the country by taking the Rs. 500 and Rs. 1000 notes out of circulation. Eighty-six percent of the money in circulation in the economy was made up of these two types of notes. Individuals were given until December 31, 2017, to swap their old Rs. 500 and Rs. 1000 currency for newly created Rs. 2000 and Rs. 500 currency. The government claims that demonetisation was carried out for a number of reasons, including combating corruption, the black market, eradicating counterfeit currency, reducing tax evasion, eradicating black money (from terrorist and money laundering activities), promoting a cashless economy, and managing individuals and organizations that possessed significant quantities of black money obtained from parallel cash systems.

According to the RBI, there were ₹17.77 trillion worth of banknotes in circulation in India as

of October 28, 2016. According to the RBI's March 2016 Annual Report, ₹16.42 trillion, or almost 86% of all bank notes, are in the form of ₹500 and ₹1000 notes. The total amount of money in circulation for each denomination is displayed in Table 1.1.

At the time of demonetization in March 2014 value of ₹500 was 5702 demonetization billion rupees and this makes a percentage of 44.40, the value of ₹1000 was 5081 billion rupees and this makes a percentage of 39.60, the value of other rupees was 2046 billion rupees and this makes a percentage of 16.00 which made it a total of 12829 billion rupees.

In March 2015 value of ₹500 was 6564 billion rupees which makes a percentage of 46.00, the value of ₹1000 was 5612 billion rupees which makes a percentage of 39.30, the value of other rupees was 2113 billion rupees which makes a percentage of 14.70 which made it a total of 14289 billion rupees.

In March 2016 value of ₹500 was 7854 billion rupees and which makes a percentage of 47.80, the value of ₹1000 was 6326 billion rupees which makes a percentage of 38.60, the value of other rupees was 2235 billion rupees which makes a percentage of 13.60 which made it a total of 1415 billion rupees.

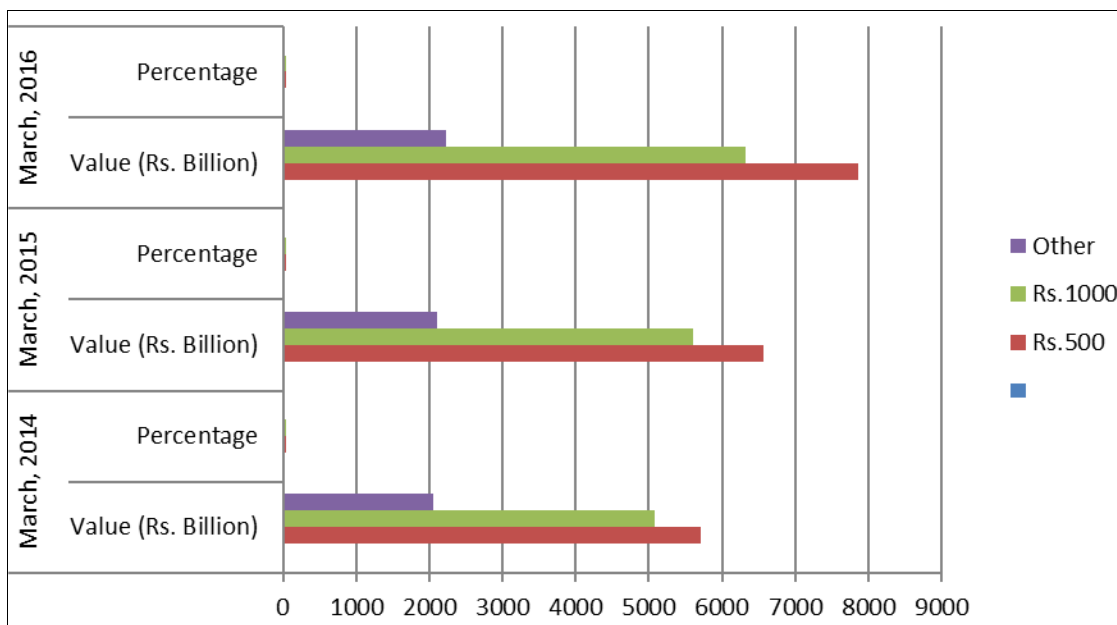


Fig 1: Circulation of Indian Bank Notes

The stock index, BSE SENSEX, and NIFTY 50 all had declines of more than 6% on the day the demonetisation was announced. Long lineups are required for those wishing to exchange money, and the pandemonium brought on by the haste to do so has been linked to several fatalities. At first, the initiative was backed by a limited number of international businessmen and researchers. The opposition parties reject Prime Minister Narendra Modi's demonetization program. In several regions of India, demonetization also sparks a lot of anti-government demonstrations.

Statement of the problem

“Demonization - problems of small and medium enterprises in Rohtak district.”

Research methodology

Research methodology is the process of coming up with a methodical answer to the research challenge. It might also mean coming up with a methodical solution to the research challenge.

Study's objective

To investigate the demonetization issues that small and medium-sized enterprises in the Rohtak area are facing.

Study's hypothesis

H01: There is no significant association between the demonetization issues that small and medium-sized

enterprises in the Rohtak area are facing on the basis of their demographic profile.

Sample selection

In this study, the researcher has used purposive sampling. Based on primary and secondary data, the researcher selected Rohtak city in the state of Haryana as the research region. Based on a number of demographic criteria, the researcher selected fifty small and medium-sized enterprises.

Collection of data

Primary data is collected through surveys and interviews. Primary data can be either qualitative or quantitative. Secondary data is gathered from research, studies, publications, newspapers, and other previously published study materials.

Statistical techniques used

Using Chi-Square and Cross Tabulation test is a useful technique for data analysis for examining the non-metric relationship between two variables. In the current study, associations were found using certain demographic characteristics with the chosen demonetization difficulties.

Data analysis and interpretation

H01: There is no significant association between the demonetization issues that small and medium-sized

enterprises in the Rohtak area are facing based on their demographic profile.

H01.1: Demonetization issues that small and medium-sized enterprises in the Rohtak area are facing based on

their age.

Chi-Square test was used for finding the association between the age of the respondents and problems of demonetization in Rohtak.

Table 1: Association between the age of the respondents and problems of demonetization in Rohtak district.

| Sr. No. | Problems of demonetization | p- value | Inferences* |
|---------|--|----------|-----------------|
| 1. | Do you face any problem related to sales? | .008 | Significant* |
| 2. | Due to demonetization have you faced the problem of scarcity of small currency? | .998 | Not significant |
| 3. | Have you faced any problem in making payment to suppliers? | .062 | Not significant |
| 4. | Have you faced any problem due to long queues at banks/ATM's? | .044 | Significant* |
| 5. | Have you faced the problem of making payment at additional cost in the business? | .001 | Significant* |
| 6. | Have you faced problem related to learning E-Payment system? | .293 | Not significant |

- Significant at 0.05 level of significance
- * stands for rejected statements

Interpretation

As per the table shown above highlights the answer towards the hypothesis “There is no significant association between the problem of demonetization and small and medium businesses in Rohtak district on the basis of age”. Statement number 1,4 and 5 have significant value less than 0.05 and stands rejected whereas statement no 2,3 and 6 found to

have significant value above 0.05 and hence stands accepted. Hence, the null hypothesis is accepted partially.

H1.2: There is no significant association between the problem of demonetization and small and medium businesses in Rohtak district on the bases of gender.

Table 2: Problem of demonetization and small and medium businesses in Rohtak district on the bases of gender

| Sr. No. | Problems of demonetization | p- value | Inferences* |
|---------|--|----------|-----------------|
| 1. | Do you face any problem related to sales? | .104 | Not Significant |
| 2. | Due to demonetization have you faced the problem of scarcity of small currency? | .139 | Not significant |
| 3. | Have you faced any problem in making payment to suppliers? | .321 | Not significant |
| 4. | Have you faced any problem due to long queues at banks/ATM's? | .887 | Not Significant |
| 5. | Have you faced the problem of making payment at additional cost in the business? | .618 | Not Significant |
| 6. | Have you faced problem related to learning E-Payment system? | .001 | Significant* |

- Significant at 0.05 level of significance
- * stands for rejected statements

Interpretation

As per the table shown above highlights the answer towards the hypothesis “There is no significant association between the problem of demonetization and small and medium businesses in Rohtak district on the bases of gender”. Statement number 6 has significant value less than 0.05 and stands rejected whereas statement no 1,2,3,4 and 5 found to

have significant value above 0.05 and hence stands accepted. Hence, the null hypothesis is accepted partially.

H0.1.3: There is no significant association between the problem of demonetization and small and medium businesses in Rohtak district on the bases of area.

Table 3: Problem of demonetization and small and medium businesses in Rohtak district on the bases of area

| Sr. No. | Problems of demonetization | p- value | Inferences* |
|---------|--|----------|-----------------|
| 1. | Do you face any problem related to sales? | .000 | Significant* |
| 2. | Due to demonetization have you faced the problem of scarcity of small currency? | .000 | Significant* |
| 3. | Have you faced any problem in making payment to suppliers? | .510 | Not significant |
| 4. | Have you faced any problem due to long queues at banks/ATM's? | .000 | Significant* |
| 5. | Have you faced the problem of making payment at additional cost in the business? | .462 | Not Significant |
| 6. | Have you faced problem related to learning E-Payment system? | .091 | Not Significant |

- Significant at 0.05 level of significance
- * stands for rejected statements

Interpretation

As per the table shown above highlights the answer towards the hypothesis “There is no significant association between the problem of demonetization and small and medium businesses in Rohtak district on the bases of area”. Statement number 1,2 and 4 have significant value less than 0.05 and stands rejected whereas statement no 3,5 and 6

found to have significant value above 0.05 and hence stands accepted. Hence, the null hypothesis is accepted partially.

H0.1.4: There is no significant association between the problem of demonetization and small and medium businesses in Rohtak district on the bases of type of business.

Table 4: Problem of demonetization and small and medium businesses in Rohtak district on the bases of type of business

| Sr. No. | Problems of demonetization | p- value | Inferences* |
|---------|--|----------|-----------------|
| 1. | Do you face any problem related to sales? | .002 | Significant* |
| 2. | Due to demonetization have you faced the problem of scarcity of small currency? | .044 | Significant* |
| 3. | Have you faced any problem in making payment to suppliers? | .001 | Significant* |
| 4. | Have you faced any problem due to long queues at banks/ATM's? | .022 | Significant* |
| 5. | Have you faced the problem of making payment at additional cost in the business? | .002 | Significant* |
| 6. | Have you faced problem related to learning E-Payment system? | .080 | Not Significant |

- Significant at 0.05 level of significance
- * stands for rejected statements

Interpretation

As per the table shown above highlights the answer towards the hypothesis “There is no significant association between the problem of demonetization and small and medium businesses in Rohtak district on the bases of type of business”. Statement number 1,2,3,4 and 5 have significant value less than 0.05 and stands rejected whereas statement

no 6 found to have significant value above 0.05 and hence stands accepted. Hence, the null hypothesis is accepted partially.

H1.5: There is no significant association between the problem of demonetization and small and medium businesses in Rohtak district on the bases of income

Table 5: Problem of demonetization and small and medium businesses in Rohtak district on the bases of income

| Sr. No. | Problems of demonetization | p- value | Inferences* |
|---------|--|----------|-----------------|
| 1. | Do you face any problem related to sales? | .006 | Significant* |
| 2. | Due to demonetization have you faced the problem of scarcity of small currency? | .000 | Significant* |
| 3. | Have you faced any problem in making payment to suppliers? | .029 | Significant* |
| 4. | Have you faced any problem due to long queues at banks/ATM's? | .000 | Significant* |
| 5. | Have you faced the problem of making payment at additional cost in the business? | .000 | Significant* |
| 6. | Have you faced problem related to learning E-Payment system? | .181 | Not Significant |

- Significant at 0.05 level of significance
- * stands for rejected statements

Interpretation

As per the table shown above highlights the answer towards the hypothesis “There is no significant association between the problem of demonetization and small and medium businesses in Rohtak district on the bases of income”. Statement number 1,2,3,4 and 5 have significant value less than 0.05 and stands rejected whereas statement no 6 found

to have significant value above 0.05 and hence stands accepted. Hence, the null hypothesis is accepted partially.

H0.1.6: There is no significant association between the problem of demonetization and small and medium businesses in Rohtak district on the bases of qualification.

Table 6: Problem of demonetization and small and medium businesses in Rohtak district on the bases of qualification

| Sr. No. | Problems of demonetization | p- value | Inferences* |
|---------|--|----------|-----------------|
| 1. | Do you face any problem related to sales? | .002 | Significant* |
| 2. | Due to demonetization have you faced the problem of scarcity of small currency? | .000 | Significant* |
| 3. | Have you faced any problem in making payment to suppliers? | .235 | Not significant |
| 4. | Have you faced any problem due to long queues at banks/ATM's? | .000 | Significant* |
| 5. | Have you faced the problem of making payment at additional cost in the business? | .733 | Not Significant |
| 6. | Have you faced problem related to learning E-Payment system? | .310 | Not Significant |

- Significant at 0.05 level of significance
- * stands for rejected statements

Interpretation

As per the table shown above highlights the answer towards the hypothesis “There is no significant association between the problem of demonetization and small and medium businesses in Rohtak district on the bases of qualification”. Statement number 1,2 and 4 have significant value less than 0.05 and stands rejected whereas statement no 5 and 6 found to have significant value above 0.05 and hence stands accepted. Hence, the null hypothesis is accepted partially.

by this unexpected move. People went to banks and ATMs during Notebandi to exchange and withdraw cash. There was significant disruption to the Indian economy. We've talked about how demonetization might impact digital payments in India, e-payment platforms, and small vendors. During the demonetization phase, the economy was in chaos due to a shortage of cash. People need to convert from cash to electronic payments. This is a good step for digital payments in India. According to the study's findings, there is a disturbance in the market, and small vendors are generally unhappy with the demonetization process. Create a solid, safe infrastructure to back up electronic payment systems. Since costs are a primary driver of the shift to digital payments among traders and merchants, the Reserve Bank of India must establish the maximum amount that can

Conclusion

As many people know, demonetization to achieve the objectives, Hon. Prime Minister Narendra Modi made a daring move in 2016. It is also known by the public as "NOTEBANDI." Every Indian citizen has been influenced

be charged.

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