



A STUDY ON UNORGANISED RETAILER'S IMPACT OF FINANCIAL DEMONETIZATION – WITH SPECIAL REFERENCE TO MADURAI CITY

N. SANTHANA MARIAPPAN

Ph. D. Research Scholar,
Department of Commerce,
Sourashtra College, Madurai
[TN] INDIA

DR. E. B. GNANESWARAN

Assistant Professor,
Department of Commerce,
Sourashtra College, Madurai
Affiliated to Madurai Kamaraj University,
Madurai [TN] INDIA

ABSTRACT

India started its Retail Journey since ancient time. In ancient India there was a concept of weekly HAAT, where all the buyers & sellers gather in a big market for bartering. It takes a pretty long times to & step to shape the modern retail. In between these two concepts (i.e. between ancient retail concept & the modern one there exist modern kirana/ mom and pop shops or Baniya ki Dukan. Still it is predominating in India, so the Indian retail industry is divided into two sectors- organized and unorganized. Retailing is one of the pillars of Indian economy and accounts for 14 to 15 percent of its GDP. The Indian retail market is estimated to be US\$ 450 billion and one of the top five retail markets in the world by economic value. India is one of the fastest growing retail markets in the world, with 1.2 billion people.

Key Word : demonetization , retailer, unorganized retailers, retail markets

INTRODUCTION

India's retailing industry is essentially owner manned small shops. In 2010, larger format convenience stores and supermarkets accounted for about 4 percent of the industry, and these were present only in large urban centers. India's retail and logistics industry employs about 40 million Indians (3.3% of Indian population). The retail industry in India is highly fragmented and unorganized. Earlier on retailing in India was mostly done through family-owned small

N. SANTHANA MARIAPPAN

DR. E. B. GNANESWARAN

1P a g e



stores with limited merchandise, popularly known as kirana or mom-and-pop stores. In those times, food and grocery were shopped from clusters of open kiosks and stalls called mandis. There were also occasional fairs and festivals where people went to shop. In the twentieth century, infusion of western concepts brought about changes in the structure of retailing. There were some traditional retail chains like Nilgiri and Akbarallys that were set up on the lines of western retail concepts of supermarkets. The government set up the public distribution system (PDS) outlets to sell subsidised food and started the Khadi Gram Udyog to sell clothes made of cotton fabric. During this time, high streets like Linking Road and Fashion Street emerged in Mumbai. Some manufacturers like Bombay Dyeing started forward integrating to sell their own merchandise. Shopping centres or complex came into existence, which was a primitive form of today's malls.

Since liberalisation in early 1990s, many Indian players like Shoppers Stop, Pantaloon Retail India Ltd (PRIL), Spencer Retail ventured into the organised retail sector and have grown by many folds since then. These were the pioneers of the organised Indian retail formats. With the opening up of foreign direct investment in single-brand retail and cash-and-carry formats, a new chapter unfolded in the retail space. Many single-brand retailers like Louis Vuitton and Tommy Hilfiger took advantage of this opportunity. The cash-and-carry format has proved to be an entry route for global multichannel retailing giants like Metro, Wal-Mart and Tesco.

Statement of the Problem

India is a cash-dependent economy. Its cash to GDP ratio, at 11 per cent, is much higher than in most economies. Close to 98 per cent of all consumer payments are made in cash. Financial technology companies in the payment services sector are upbeat that demonetisation will also mean a big digital push for India. Some of them have even seen a spurt in business in the wake of the demonetisation announcement. Seen against the setting up of the Unified Payment Interface (UPI) in August this year and the reported plans of the Government to prohibit cash transactions involving Rs. 500,000 or more, there are reasons to be hopeful that India will leapfrog to much lower dependency on cash over the next five years. The main yardstick to evaluate the success of demonetisation will be the resultant fiscal gain accruing to the RBI and, hence, to the Government. To assess the effect of demonetisation on small and marginal businessmen and traders, To assess if the loss in business is significant and To find out the innovative measures used by marginal business men to stay afloat in these times, the retailers impact on sales to the position of high or low.

REVIEW OF LITERATURE

Omholt (2002) argued that the right horizontal strategy is the one of the critical ways to achieve the superior competitive position in retail organisations. With increased competition

N. SANTHANA MARIAPPAN

DR. E. B. GNANESWARAN

2P a g e



from neighbouring and out-of-town centers, increased consumer mobility, and a more diverse population with regard to household structures and lifestyle, sharing a specified location may not be enough for a group of outlets or centers to sustain a competitive advantage.¹

Evans et al. (2008) in the light of recent changes in the international environment, consider whether the drivers of, and impediments to, retail internationalisation and the business strategy adopted has changed. Results suggested that meanwhile a variety of factors drive retail internationalisation, however, the profit growth is the most dominant factor.²

Standop and Grunwald (2009) in an empirical research stated that the compensation, communication and logistics are the elements of product crises response strategies in the retail industry. These elements can influence the evaluations of customers positively; either directly or indirectly which are affected by product problems thus enhances the brand equity.³

Sun and Ma (2009) unpacked that the foreign capital Retail business constructs the trade integration management system in the Chinese retail industry, implements the global trade strategy. In China, the majorities of successful foreign retail businessmen choose the latest information technology, implements customer loyalty strategy, retail sales business strategy, implements a localisation strategy in the investment management processes, enhances the competitive advantage and expands the market share.⁴

SCOPE OF THE STUDY

The present study is carried out in order to make an attempt to analyze the impact of demonetization of unorganized retailers. This study has been undertaken to know about the financial problems and benefits for the unorganized retailers.

OBJECTIVES OF THE STUDY

The following are the main objectives of the Study

¹ Omholt, Tore (2002), "Strategic Reconfiguration and Management of Retail Centers Creating Competitive Advantage through Communicative Competence", *Asian Academy of Management Journal*, Vol. 7 No. 2, pp. 87-101.

² Evans, Jody; Bridson, Kerrie; Byrom, John and Medway, Dominic (2008), "Revisiting retail internationalisation: Drivers, impediments and business strategy", *International Journal of Retail & Distribution Management*, Vol. 36 Iss: 4, pp. 260- 280.

³ Standop, Dirk and Grunwald, Guido (2009), "How to solve product-harm crises in retailing?: Empirical insights from service recovery and negative publicity research", *International Journal of Retail & Distribution Management*, Vol. 37 Iss: 11, pp. 915-932.

⁴ Sun, Jing and Ma, Jingting (2009), "The Study of China Retail Business Development Strategy", *International Journal of Marketing Studies*, Vol. 1 No. 1, pp. 19-22.



1. To Trace out Origin and Growth of Unorganized retailers
2. To study the Demonetization impact of Unorganized Retailers
3. To study the Various Schemes of Demonetization to the Unorganized Retailers
4. To offer Suggestion based upon the Findings of the study

METHODOLOGY AND DATA COLLECTION

The study based on both primary and secondary of data; the primary data are gathered with the help of interview schedule, which is exclusively prepared to gather information from sample respondents. Convenient random sample technique is used.

The secondary data were collected from text books, journals, and newspaper and published articles and a few of these Government reports, records, and relevant web sites.

SAMPLING DESIGN

The present study is mainly focused on the impact of demonetization of unorganized retailers. The researcher has selected 110 sample respondents each based on convenient sampling method. In order to collect the necessary information from the sample respondents, the researcher has conducted interview schedule method in each and every category.

The study will be conducted at the Madurai city on Kalavasal, Periyar, Mattuthavani, Thiruparankundram, Thirunager, and like

PERIOD OF STUDY

The study is mainly based on primary data which collected from unorganized retailers through Interview schedule. The survey was conducted during the period of five months. December 2016 to March 2017

SUMMARY OF FINDINGS OF THE STUDY

The following were the major finding that emerged from the analysis of data.

1. The study clear that the out of 110 respondents are majority 32.7 per cent come under the age group of 41 and above years
2. The study shows that out of 110 respondents are majority 76.4 per cent of the belong to the male category
3. The study referred that out of 110 respondents maximum 48.2 per cent of the respondents are come under the Below HSC categories.

4. The study reveals that out of 110 respondents majority 53.6 per cent of the respondents giving importance to Joint family.
5. The study inferred that out of 10 respondents maximum 60.9 per cent of the respondents are Rural area of the residence
6. The study clear that out of 110 respondents majority 40.9 per cent of the respondents on an earn around Rs.15,001 and above per month.
7. The study verify that out of 110 Respondents maximum 61.8 per cent of the respondents are having Experience of Present Business.
8. The study shows that out of 10 respondents majority 19.1 per cent of the respondents are locating their Business nearby Bus Stand.
9. The study explain that out of 110 respondents maximum 46.4 per cent of the respondents are invest the capital of Rs.1,00,000 to Rs.2,00,000 in a Business.
10. The study exhibits that out of 10 respondents majority 77.3 per cent says that the satisfied by the Demonetization.

SUGGESTION

- i. The government should give the swipe machine facility at subsidiary price for unorganized retailers.
- ii. RBI should increased the fifty and hundred rupees for the benefits of unorganized retailers
- iii. The Government should be given the option to open the bank account in free of cost to unorganized retailers.
- iv. The Government should encourage digitalized internet and mobile banking in our country.
- v. To reduce the service charge for the all online banking system including ATM card.
- vi. To reduce the rules and regulation for the bank at the time of Demonetization
- vii. The government should have to take time to Demonetization.

LIMITATION OF THE STUDY

This study is undertaken with the following limitations. Analysis is made purely the financial point of view. The result and conclusions are solely based on the information provided by the unorganized retailers, The study covers only a limited area for the convenient selection of sample design. The conclusions drawn from this study only applicable for the area where the data collected , The study is confined to Madurai city .



CONCLUSION

Demonetization in Indian economy is having negative impact on the different sectors of the economy. Majority of the negative effect are short run effects. All these effects are solved when the new currency notes are widely circulated in the economy. On the other hand people are facing some problems in the exchange of currency notes. Even though people are facing such a problem people are ready to bear these problems for its positive effect on the economy. If government successfully clears all the problems, drawbacks associated with the demonetization, this demonetization will become the successful economic revolution in India and we can expect a better tomorrow with corruption free India.

REFERENCE

Books

- i. Copper, D. and Schindler, P. S. (2006), *Marketing Research: Concept & Case*, Tata McGraw Hill Publishing Co. Ltd., Delhi
- ii. Davidson, William R.; Sweeney, Daniel J. and Stampfl, Ronald W. (1988), *Retailing Management*, John Wiley & Sons.
- iii. Retail Management G.P Gupta, (1985) Margams Publications
- iv. Glueck, W. F. and Lauch, L. R. (1984), *Business Policy and Strategic Management*, McGraw-Hill, New York.
- v. Humphrey, Albert (2005), "SWOT Analysis for Management Consulting", SRI Alumni Newsletter, December.

Journals

- i. González-Benito, Óscar and Martos-Partal, Mercedes (2012), "Role of Retailer Positioning and Product Category on the Relationship between Store Brand Consumption and Store Loyalty", *Journal of Retailing*, Vol. 88 Iss: 2, pp. 236-249. 51.
- ii. Goodrich, Kendall and Ramsey, Rosemary (2012), "Are consumers with disabilities receiving the services they need?", *Journal of Retailing and Consumer Services*, Vol. 19 Iss: 1, pp. 88-97.
- iii. Baskaran, Kamaladevi (2011), "Success of retail in India: the customer experience management scenario" *International Journal of Electronic Marketing and Retailing*, Vol. 4 No. 2/3, pp. 206-223.
- iv. Barry, B. J. and Jill, A. S. (2000), "Atmospheric affect as a tool for creating value and gaining share of customer", *Journal of Business Research*, 49, pp. 91-101
- v. Altintas, Murat Hakan; Kiliç, Serkan; Senol, Gokhan and Isin, Feride Bahar (2010), "Strategic objectives and competitive advantages of private label products: Manufacturers' perspective", *International Journal of Retail & Distribution Management*, Vol. 38 Iss: 10, pp. 773-788