

“To study the effect of 2016 demonetization on customer Purchasing Pattern changed for the daily uses products”

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Abstract: Indian 2016 demonetization very socking activity in our country in my study I was focused on the customers purchasing pattern changes after the demonetization or not two objectives in my study first one to examine the customer buying behavior after demonetization and second to analyzing the effect of demonetization on customer purchasing pattern changed for the daily uses products. Some review of literature was done before writing this paper. In the study researcher used both the primary and secondary sources of data. In study total of 400 respondents were the considered male and female, belonging to different age group and location. Convenience sampling method is the sampling technique adopted for the study. Statistical tools used for the dada analysis percentage analysis and correlation.

Key words: Demonetization, Purchasing Pattern, Customer Buying Behavior and Products Price.

Introduction

Meaning: Demonetization is the process where government declare publicly that is currently running currency notes are illegal to the tender. There some advantages and disadvantages of the demonetization in our country. There are huge reason why nations demonetize their home unit of currency. Now there are some motive of demonetization including combating inflation, to combat corruption terrorism, money laundering and discourage a cash system.

History of Indian Demonetization

2016 Demonetization in India not new for the our country before 2016 demonetization in our country done two time first demonetization in our country 70 year back in January 1946. The government declared that notes of Rs.10,000, Rs.1000 and Rs.500 will not be legal tender from January 12, 1946. That time 10,000 notes were the big amount of currency demonetization over print by Reserve bank of India. Government were given only 10 day time for exchange which meant first helpline ended at 23 January. But within days people not changed so that later extended to 9th February 1947. That demonetization did not have much impact on our economy.

Second Demonetization in India 17 January 1978, the ordinance was declared via all India Radio at 9:00 AM. The ordinance provided that all banks and government treasuries would be closed today. This time public given even lesser compare to 1946 demonetization, only 3 days to exchange Rs.10, 000, Rs.5000and Rs.1000 notes. Main motive of prime minster of India a measure against black money corruptions and terror financing, successfully meet the objective set for government. That demonetization had less effect on the target group to do the Indian society as such category of people did not have black money in cash form.

On 8th November, 2016 Indian prime minister Shree Narendra Modi declared the demonetization in on unscheduled live televised address at 8:00 PM. He declared that the all Rs.1000, and Rs.500 currency notes of the Mahatma Gandhi series would be invalid past midnight. He added in announcement that the issuance of new Rs.500 and Rs.2000 currency notes of Mahatma Gandhi new series will be used in exchange for the old currency notes. Prime minister claimed that action would curtail the shadow and crack down on the use of illicit and black money to fund illegal activities and main problems are terrorism. RBI were given the 50 days time period public exchange old currency from the banks.

Customer: customer is someone who buys goods and services, especially from a shop. In other words any person with whom one has dealings.

Customers buying behavior: “Customer buying behavior refers to the buying behavior of final consumers, those individuals and household who buy goods and services for personal consumption.” (Philip Kotler’s)

Demonetization effect on consumer buying Behavior

Effect on Demand

The overall demand is expected to be affected to an extent. The demand in following areas is to be impacted particularly:

- Consumer goods
- Real Estate and property
- Gold and luxury goods
- Automobiles

Effect on prices

Price level is expected to be lowered due to moderation from demand side. This demand driven fall in price could be understood as follows:

- Consumer goods price are not to fall due to moderation in demand as use of credit debits cards, Paytm, E-wallet and cheques would compensate for daily uses products.
- Real Estate and property prices in this sector are largest expected to fall, particularly for sales of property where big part of the cash transaction, compare to banks or cheque transactions. For the medium term, the cost in this sector could regain some level as developers rebalance their prices.

After demonetization with cash transaction lowering in the short-term, because cash are not available in ATM and banks. Some sectors of the society could face short term disruption in facilitation of their transactions like: Agriculture, Small traders, SME, Service, political parties, professionals etc.

Objectives

- To examine the customer buying behavior after demonetization.
- To Analyzing the effect of demonetization on customer purchasing pattern changed for the daily uses products.

Review of Literature

Goyal et all (2016), they study on ‘impact of increasing trend of online marketing on consumers buying behavior FMCG brand in Indian scenario’, they showed in their study that consumers perception about online marketing is high. This was profitable after comparing the old purchasing techniques and online marketing purchasing habits of FMCG brands.

Rani Geeta (Nov.2016) she said after ban Rs. 500 and Rs. 1000 notes Indian top brands like HUL, P&G has affected with only 20% sales due to brand name. Farther in research paper she had identified the effect of demonetization category wise. Like, salty snacks sales decreased by 10%, chocolates sales had decreased by 50% biscuits sales has decreased by 20%, juice/fruit drinks sales decreased by 20%, cigarettes sales decreased by 10% etc. she concluded

demonetization is painful for short term, but it will definitely profitable for the long run most customer are now adopting cashless transaction like- paytm, debit card, E-wallets etc.

Sharma Mehak (2016), focused on 'demonetization impact offline retailers play the card counter drop sales after ban of Rs.1000 and Rs 500 notes. She reported that affirm the about study, consumers alternative payment system provided by offline retailers to enable shopping. CEO of future group that owner big bazaar Kishor Biyani, in interview said that 40% urban stores of the business happen through the plastic money and smaller cities 25% through the plastics money. He said would promote cashless payment and encourage for the plastic money and gift vouches.

Research Methodology

Sources of data

In the study researcher used both the primary and secondary sources of data. The primary data is gather from the questionnaire development to solicit the customers as a respondents. The secondary data has been collected from different areas: New papers, books and previous research papers that are available in the internet publication.

Method of Data Analysis

Data that was collected from the respondent were analyzed with the help of Statistical package for social science (SPSS). In analyzing the data percentage analysis and correlation.

Study Area

This study was conducted in urban India Specially, at Mumbai: neighborhoods including Thane, kharghar, and Ullwey.

Research Design:

Exploratory research design was adopted by research. It utilized exploratory research to explore the effect of 2016 demonetization on customer Purchasing Pattern changed for the daily uses products.

Sample size:

This study was individual analysis that is effect by 2016 demonetization on customer Purchasing Pattern changed for the daily uses products. In study total of 400 respondents were the considered male and female, belonging to different age group and location.

Sampling Techniques:

Convenience sampling method is the sampling technique adopted for the study. Non- probability sampling method in which the selection of the cases in based on whatever happened to be available instantly. This sampling techniques is a high response, minimum cast.

Data Analysis and Interpretation

1.0 Percentage Analysis:

Demographics:

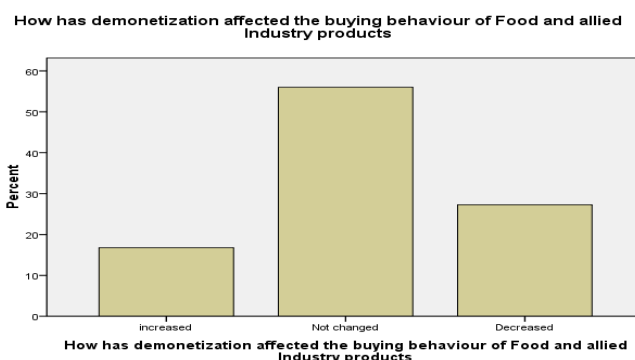
| Demographic factors | Descriptions | Total (n=400) | Percentage Total (100%) |
|-----------------------------|-----------------|---------------|----------------------------|
| Gender | a. Male | 300 | 75.00% |
| | b. Female | 100 | 25.00% |
| Age Only customers (400) | a. less than 20 | 15 | 3.75% |
| | b. 20-30 | 155 | 38.8% |
| | c. 31-40 | 100 | 25.1% |
| | d. 41-50 | 59 | 14.8% |
| | e. Above50 | 71 | 17.8% |

The above the table represents the demographic profile of the respondents selected for the study on gender. From the table (75.0%) representing 300 respondents are male and the remaining 100 respondents (25.0%) are female. Thus it can be inferred that many are male compared to female.

Further, the demographic profile of the respondents selected for study on age category. From the table, 15 respondents representing (3.75%) are in the age category of less than-20 years, 155 respondents representing (38.8%) are in the age category of 20-30 years, 100 respondents representing (25.1%) are in the age category of 31-40 years, 59 respondents representing (14.8%) are in the category of 41-59, 71 respondents representing (17.8) are in the category of Above-50 and one respondent preferred not mention his/her age. Thus, it can be inferred that responses were normally distributed across the various age categories.

1.1 How has demonetization affected buying behavior of Food and allied Industry products.

| | Frequency | Valid Percent | Cumulative Percent |
|-------------|-----------|------------------|-----------------------|
| Valid | | | |
| Increased | 67 | 16.8 | 16.8 |
| Not changed | 224 | 56.0 | 72.8 |
| Decreased | 109 | 27.2 | 100.0 |
| Total | 400 | 100.0 | |

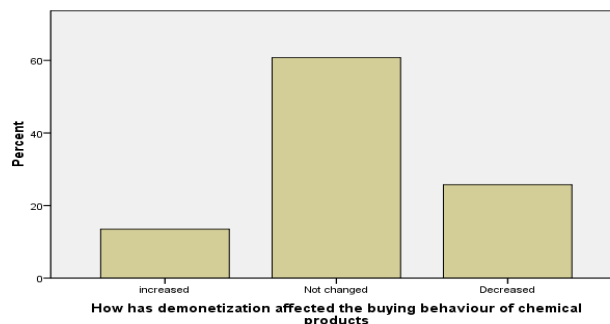


It was observed from the Table and figure with regards to the question “how has demonetization affected buying behavior of Food and allied Industry products”, (56.0%) representing 224 out of 400 respondents selected for study said that the 2016 Indian demonetization exercise did not change buying behavior of Food and allied Industry products. Also (27.2%) representing 109 out of 400 respondents selected for study said that the 2016 Indian demonetization exercise positively affected the buying behavior of Food and allied Industry products by causing them to buy more. On the other hand (16.8%) representing 67 out of 400 respondents selected for the study indicated that the 2016 demonetization exercise negatively affected the buying behavior for Food and allied Industry products and as such causing less of Food and allied Industry products to be purchased.

1.2 How has demonetization affected the buying behavior of Chemical products?

| | | Frequency | Valid Percent | Cumulative Percent |
|-------|-------------|-----------|---------------|--------------------|
| Valid | Increased | 54 | 13.5 | 13.5 |
| | Not changed | 243 | 60.8 | 74.2 |
| | Decreased | 103 | 25.8 | 100.0 |
| Total | | 400 | 100.0 | |

How has demonetization affected the buying behaviour of chemical products

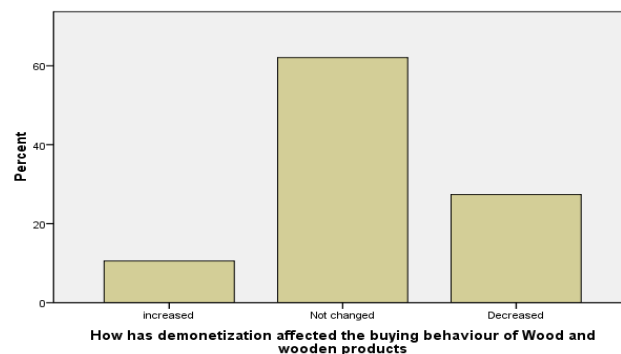


It was observed from the table and figure with regards to the question “how has demonetization affected the buying behavior of chemical products”, (60.8%) representing 243 out of 400 respondents selected for study said that the 2016 Indian demonetization exercise did not change buying behavior of chemical products. Also (25.8%) representing 103 out of 400 respondents selected for study on consumers said the 2016 demonetization exercise positively affected the buying behavior of chemical products as it caused them to buy more. On the other hand (13.5%) representing 54 out of 400 respondents selected for the study indicated that the 2016 demonetization exercise negatively affected the buying behavior for chemical products and as such causing less of chemical products to be purchased.

1.3 How demonetization affecting buying behavior of wood and wooden products.

| | | Frequency | Valid Percent | Cumulative Percent |
|---------|-------------|-----------|---------------|--------------------|
| Valid | increased | 42 | 10.6 | 10.6 |
| | Not changed | 248 | 62.1 | 72.6 |
| | Decreased | 108 | 27.1 | 99.7 |
| | Total | 398 | 100.0 | 100.0 |
| Missing | System | 2 | | |
| Total | | 400 | | |

How has demonetization affected the buying behaviour of Wood and wooden products

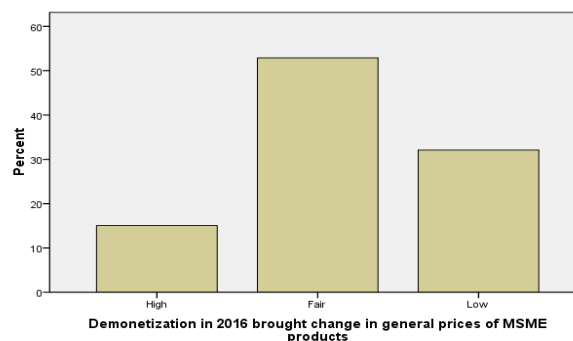


It is observed from the table and figure on the question “how demonetization affecting buying behavior of wood and wooden products”, (62.1%) representing 248 out of 400 respondents selected for study said that the 2016 Indian demonetization exercise did not change buying behavior of wood and wooden products. Also (27.1%) representing 108 out of 400 respondents selected for the study said that the 2016 Indian demonetization exercise positively affected the buying behavior of wood and wooden products by causing them to buy more. On the other hand (10.6%) representing 42 out of 400 respondents selected for the study indicated that the 2016 Indian demonetization exercise negatively affected the buying behavior for wood and wooden products and as such causing less of wood and wooden products to be purchased.

1.4 Demonetization in 2016 brought changes in general prices of MSME products.

| | Frequency | Valid Percent | Cumulative Percent |
|----------------|-----------|---------------|--------------------|
| Valid | | | |
| High | 60 | 15.0 | 15.0 |
| Fair | 211 | 52.9 | 67.9 |
| Low | 128 | 32.1 | 100.0 |
| Total | 399 | 100.0 | |
| Missing System | 1 | | |
| Total | 400 | | |

Demonetization in 2016 brought change in general prices of MSME products



It was observed from the Table and figure that with regards to the question “demonetization IN 2016 brought changes in general prices of MSME products”, (52.9%) representing 211 out of 400 respondents selected for study indicated that the demonetization 2016 exercise led to a fair change in the prices of MSME products. Also (32.1%) representing 128 out of 400 respondents selected for study said the demonetization exercise resulted in prices of MSME products decrease. On the other hand (15.0%) representing 60 out of 400 respondents selected for the study indicated that the demonetization exercise caused prices of MSME products to going high. Therefore it can be conveniently inferred as per the results from this study that the Indian demonetization exercise conducted in November 2016 had a significant effect on the general prices of MSME products.

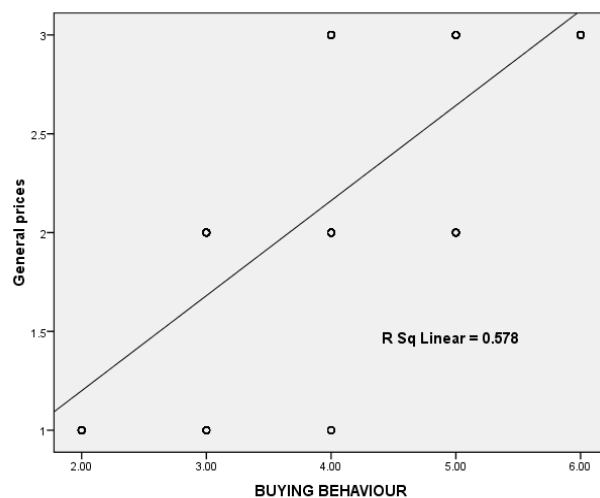
Correlations

1.5 Relationship between General prices and Customer buying behavior

| | | General prices | Buying Behaviour |
|------------------|---------------------|----------------|------------------|
| General prices | Pearson Correlation | 1 | .761** |
| | Sig. (2-tailed) | | .000 |
| | N | 400 | 400 |
| Buying Behaviour | Pearson Correlation | .761** | 1 |
| | Sig. (2-tailed) | .000 | |
| | N | 400 | 400 |

** . Correlation is significant at the 0.01 level (2-tailed).

There was a positive relationship between general prices and buying behavior, Pearson correlation value is 76.1%. Showing strong positive correlation between general prices and buying behavior. Therefore the alternative hypothesis was accepted at significant value (0.05). Whereas $r(199)=.761$, $p=.000$ $p<.01$. So from the scatter diagram it show a positive relationship which move left to right and R^2 value is 57% and it is a strong relationship.



Summary of Finding, Conclusions and Recommendations

Demographics

In the survey mostly respondents are male (75.00 %) are between the age categories of 20-30 (38.8%) are customers. Study city in India, Mumbai.

Percentage analyses

- How has Demonetization affected the buying behavior of food and allied industry products 56.0% respondents said that buying behavior was not changed after demonetization.
- 68.8% respondents said that after demonetization buying behavior of chemical products was not changed.
- 62.2% respondents said that after demonetization buying behavior of wood and wooden was not changed.
- 52.9% respondents said that general price of MSME product after demonetization was fair.

Correlation Analyses

- There was a positive relationship between general prices and buying behavior.

Conclusion

Government preparation towards the pre and post demonetization exercise was inadequate this brought serious repercussions on customers and the people (society) because cash was not available in the banks and ATM which resulted in long queues in front of ATMs and bank. Buying behavior of food and allied industry products, chemical products and wood and wooden products were not affected during the demonetization exercise. Prices of daily uses products are not increase. Customers buying behavior of was not changed for the daily uses products during the 2016 demonetization because public easily switch on the digital payment like- Paytm, E-wallet etc. this demonetization was long term profitable in Indian economy. It is good move for the economy.

Limitation and Future Areas of Research

- In this study 400 respondents were considered and covered in the study as the sample size. The finding may not be applicable to other situation, due to the generalization. This study in future with a huge sample size would give more realistic. Thus in future study, researchers can focus on other psychological effect which would be relevant in order to better understand.

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