

# **A STUDY ON THE IMPACT OF DEMONETIZATION ON CONSUMER BUYING BEHAVIOUR WITH REFERENCE TO CONSUMER GOODS IN NAMAKKAL DISTRICT**

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## **ABSTRACT**

Consumer buying behaviour concept has been argumentative from the past for so many periods. Many researchers have undertaken the research to identify, analyze, observe and find the outcomes of the study to understand the determinant of the product price effect over the product quality of consumer buying behaviour. The necessity of marketer reviews has been for the consumer buying behaviour towards psychological aspect than the societal aspect. Following demonetization, the government has been encouraging the dream of cashless society in India, urging the people to use POS machine, e-wallet, plastic money, online payment, etc., in their day-to-day transactions. Before demonetization, people used to buy impulsively from the retail malls by using hard cash because of more convenience, but with the implementation of demonetization, people have to think twice before making any kind of purchase due to less money on hand as well as less habit of cashless transactions. An impulsive buying is made instinctively and generally without regard to costs or negative consequences. They are usually motivated by the need for instant self-satisfaction. The present paper examines the impact of demonetization on consumer buying behaviour with reference to consumer goods in Namakkal district by using the primary data collected from 150 respondents in Namakkal city with the help of a structured questionnaire. Data analysis has been done. The study found that a majority of the customers have moved from buying luxury products to essential products and reduced their consumption due to demonetization.

## **INTRODUCTION**

Demonetisation is the generations 'memorable experience and is going to be one of the economic events of our time. Its impact is felt by every Indian citizen. Demonetisation affects the economy through the liquidity side. The demonetisation of high denomination notes (of Rs1,000 and Rs500) has put over 85% of currency out of circulation. This has resulted in short-term disruptions in transactions in agriculture and related sectors, small establishments,

households and among professionals. Since injection of liquidity is slow, incomes in both formal and informal sectors have been affected with the intensity of adverse impact being greater for the informal sector. Since self-employed and casual workers dominate in the overall economy, their incomes may suffer a setback. While some may view it as deferring expenditure and income, a part of it may actually be revenue and income forgone forever.

Product demonstrations generally aim to increase sales for specific merchandise in a target market. Product demonstrations are a form of sales promotion that involves interactive sales presentations such as providing test samples and showing video presentations of a product. This marketing technique is used to introduce new products into retail markets, such as mass-merchandise outlets, by attracting prospective customers to demonstration booths.

### **IMPACT OF DEMONETIZATION**

The demonetization that has been in effect since November 9 is expected to have a negative impact on inflation. Consumer spending activity fell to a near halt. Consumers are refraining from making any purchases except essential items from the consumer staples, healthcare, and energy segments. Activity in the real estate sector, which includes a lot of cash and undocumented transactions, slowed down significantly, Metropolitan and Tier 1 cities reported up to a 30% fall in house prices. Food item inflation, measured by changes in the Consumer Food Price Index, accounts for 47.3% of the overall CPI. Due to 86.4% of the value of the currency notes in circulation going out of the financial system and re-monetization being slow, the supply and demand of food items fell. It will exert more downward pressure on inflation. Investors in India-focused funds should continue to monitor CPI inflation. It will determine future rate cuts by the RBI. A change in the repo rate will impact interest rate-sensitive sectors and industries like financials (HDB) (IBN) and automobiles (TTM), among other sectors like the tech (WIT) (INFY) sector and also due to demonetization the consumer buying behaviour are changed and sales volume are increased.

### **OBJECTIVE OF STUDY**

- To determine the measures taken to tackle the impact of the demonetisation
- To analyse the Impact of demonetization on consumer buying behaviour
- To find out the factors influencing buying behaviour after demonetization

## REVIEW OF LITERATURE

**Ansari (2015)** examined the impact of real per capita GDP, the size of overseas trade and density of population on the tax revenue by making an inter country comparison. The study concluded that real gross domestic product and foreign trade were positively correlated with tax revenue, whereas density of population was negatively correlated with tax revenue and also buying behaviour also changed after demonstration

**Kumar (2017)** presented an analytic view about the impact of demonetization on the Indian Economy. His analysis showed that demonetization had adverse effects on the Indian economy. The cashless transaction has been promoted but it takes lot of efforts to convince rural people to adopt those skills.

**Rani (2018)** studied the effects of demonetization on retail outlets. The study revealed that initially the demonetization effects on market were painful but this also instigate the shopkeepers and consumers to adopt cashless means such as paytm, debit card use, internet banking to buy goods. Demonetization effect will be positive in coming time for Indian Economy. Indian consumers will strive to learn new ways of cashless transactions and consumer buying behaviour affect to consumer goods due to demonstration

## RESEARCH METHODOLOGY

The data are collected from the primary and secondary data. The primary data are collected through well designed questionnaire and detailed discussion with the respondents.

The secondary data were taken from Newspaper and magazines which were published.

### (a) Sampling Design

The researcher is a scientific way toward the achievement of the objectives of the study. The researcher has undertaken this study based on the Descriptive Design. Descriptive design had helped the researcher to describe the existing phenomenon of preferences given to the impact of the demonstration on consumer buying behaviour.

### (b) Sample Size

The total sample size decided by researcher was 150 respondents in Namakkal district. All clusters namely housewife, students, service class, self -employed, business class and professional were considered for the same. Researcher had made an attempt that the sample size

was adequate representative and estimate with sufficiently high precision.

### **(c) Sampling Method**

The researcher had deployed non- probability sampling method known as convenient sampling. This method will attempt to obtain a sample of convenient elements that were ready to give information. The sampling elements or consumers of online shopping were identified as follows; the convenient sample was divided into the following clusters namely housewife, students, services class, and business class, self- employed and professional.

### **AREA OF THE STUDY**

The researcher took Namakkal district as area of research. The respondents were of different age, sex, occupation, income group, etc.,

### **TOOLS FOR ANALYSIS**

In order to analysis the data, various statistical tools are used in this study the following statistical tools are used in the study. (i) Percentage Analysis and Chi square test.

### **LIMITATIONS OF THE STUDY**

- The study is confined to Namakkal district only.
- The sample size is limited to 150 respondents therefore, the result of the study can not be considered as universal.
- Findings of the research are based on the assumption that the respondents have given correct information. .

### **ANALYSIS AND INTERPRETATION OF DATA**

**TABLE NO: 1  
GENDER WISE CLASSIFICATION**

<b>S. No.</b>	<b>Gender</b>	<b>No. of respondents</b>	<b>Percentage</b>
1	Male	55	37%
2	Female	95	63%
	<b>Total</b>	<b>150</b>	<b>100%</b>

**Source:** Primary Data

#### **Inference:**

The above table shows that 63% of the respondents are female and 37% of the

respondents are male.

**TABLE NO: 2**  
**AGE WISE CLASSIFICATION**

S. No.	Age	No. of respondents	Percentage
1	20-30 yrs	20	13%
2	31-40 yrs	60	40%
3	41-50 yrs	45	30%
4	More than 50 yrs	25	17%
	<b>Total</b>	<b>150</b>	<b>100%</b>

**Source:Primary Data**

**Inference:**

The above table shows that 40% of the respondents belong to the age group of 31-40 years, 30% of the respondents belong to the age group of 41-50 years, 17% of respondents belong to the age group of more than 50 years and 13% of respondents belong to the age group of 20-30 years.

From this it is clear that 70% respondent's age group fall between 31-50 years.

**TABLE NO. 4.3**  
**EDUCATIONAL QUALIFICATION WISE CLASSIFICATION**

S. No.	Educational Qualification	No. of respondents	Percentage
1	Schooling	15	11%
2	Diploma	20	13%
3	Under Graduation	41	27%
4	Post Graduation	39	26%
5	Professional Degree	35	23%
	<b>Total</b>	<b>150</b>	<b>100%</b>

**Source:Primary Data**

**Inference:**

The above tables shows that 27% of respondents are under graduate degree holders, 26% of the respondents are post graduate degree holders, 23% of respondents are professional degree holders, 13% of respondents are diploma holders and 11% of respondents are in schooling level. From, this it is clear that majority of the respondent 76% are highly educated.

**TABLE NO. 4.4**  
**MONTHLY INCOME OF THE FAMILY WISE CLASSIFICATION**

<b>S. No.</b>	<b>Monthly Income</b>	<b>No. of respondents</b>	<b>Percentage</b>
1	Below Rs. 20000	18	7%
2	Rs. 20001 – Rs. 40000	15	10%
3	Rs. 40001 – Rs. 60000	33	22%
4	Rs. 60001 to Rs. 80000	65	43%
5	More than Rs. 80000	42	28%
	<b>Total</b>	<b>150</b>	<b>100%</b>

**Source: Primary Data**

**Inference:**

The above table reveals that 43% of the respondents belong to income group of more than Rs.60001 to 80000, 28% of the respondents belong to income group of more than Rs.80000, 22% of respondents belong to income group of Rs.40001-60000, 10% of respondents belong to income group of Rs.20001-40000 and 7% of respondents belong to income group of below Rs.20000.

From the above table it is clear that majority of the respondents 71% fall in the income group of Rs.60001-80000 and above Rs.80000.

**ANNOVA TEST**

	<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Between Groups	23.529	2	11.765	4.058	.019
Within Groups	484.147	167	2.899		
Total	507.676	169			

As the level of significance computed in anova test is below 0.05 , this signifies that the way in which retailers and wholesalers have responded to demonetization in terms of cash and cashless transactions is different.

**CONCLUSION**

It was quite evident that there were widespread effects of demonetization which affected the consumers. The businesses which run on cash were badly affected for a couple of months after demonetization. Consumers' buying behaviour was impacted. There was a considerable decrease even in the purchase of daily-use products as there was no cash and limited digital payments platforms. The purchase frequency of maximum number of consumers decreased considerably after demonetization. However respondents have taken demonetization on a positive note and are of the opinion that it is going to improve Indian economy.

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