



THE IMPACT OF DEMONETIZATION ON ONLINE SHOPPING – AN ANALYSIS

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Abstract

Demonetization is the act of stripping a currency unit of its status as authorized soft. It happens whenever there's a change of national currency. This study analysis the situation is aid to understand how and what way the demonetization processes the online shopping – through payment wallet and CoD payments via bank cards most preferred amongst shoppers. Objectives are impact and factors influencing of demonetization on online shopping and their opinion. Majority of the respondents has a great decision about demonetization. Majority of the respondents most often preferred payment Wallet and they are still shopping at local shops but they are using 'Plastic Money' for making payment. The cash crunch originate due the bold move by the Indian Government has carry people closer to digital payment ways such as mobile wallets, Internet banking, and debit/credit cards.

Key Words: *Demonetization, Online Shopping, Digital Payment, Plastic Money.*

Introduction

India is one of the key growth countries when it comes to e-commerce but it is still at a nascent stage and has a huge potential for growth. The Indian Government's sudden and unprecedented move on November 8, 2016 to take high-value currency notes out of circulation sent the Indian economy in a tizzy. Demonetization meant that Rs 500 and Rs 1,000 are at the moment no longer legal tender, eliminating nearly 86 per cent of the currency in circulation, creating a huge cash crunch in the economy.

The term Demonetization has become a household name since the Government pulled the old Rs 500 and Rs 1,000 notes out of circulation. This announcement by the honorable Prime Minister Narendra Modi is perhaps the most significant step taken, targeted at ferreting out black money and curbing corruption. The effects and its impact is seen everywhere across industries. CashKaro.com – India's largest Cashback & Coupons site did a survey recently to understand the 'Effects of Demonetization on Online Shopping'. Over 1000 people across India participated in the survey. 85% of the respondents said they are in favor of the recent move and agreed that it would be instrumental in reducing black money and corruption in the Indian ecosystem.

Demonetization

Demonetization can also be referred to as the process of moving people from a cash-based system to a cashless system (digital system). Demonetization is the act of stripping a currency unit of its status as authorized soft. It happens whenever there's a change of national currency. The current type or types of money is pulled from circulation and retained, normally to be replaced with new notes or coins. Frequently, a country fully replaces the old currency with new currency. The reverse of demonetization is remonetization, wherein a type payment is restored as legal tender.

Online Shopping

Online shopping is a form of electronic commerce which enables patrons to instantly buy goods or services from a seller over the web using an internet browser. Alternative names are: e-web-store, e-shop, e-store, Internet shop, web-shop, web-store, online store, online storefront and virtual store. Mobile commerce described purchasing from a web based retailer's mobile optimized online site or app. An online shop evokes the physical analogy of purchasing products or services at a bricks-and-mortar retailer or shopping center; the process is called business-to-consumer online shopping. Within the casa where a business buys from another business, the process is called business-to-business online shopping. The largest of these online shopping corporations are Amazon.com, Paytm, Flip kart, Snap deal, and many others.

Statement of the Problem

Demonetization is a tread of imperative authority targets to perceive purge of black riches and in appendage it will promote the sustainable and inclusive monetary development. Its departure to no question bears the clear view of both transactions inside the country and promotes cashless transaction. This stage will bang common populate to a feature but for the expansion of upcoming new discharge such decisions are inevitable. Even though the demonetization course disturb the



online shopping. This analysis help to grasp how and what way the demonetization strategies the online shopping – by means of payment wallet and CoD payments via bank cards most desired amongst shoppers.

Objectives of the Study

1. To study the impact of demonetization on online shopping.
2. To evaluation the factors influencing on online shopping.
3. To study on people's opinion about demonetization.

Hypothesis

H0: There is no significant difference between age and payment methods of the respondent.

Research Methodology

- **Source of Data Collection:** The Primary data had been gathered by means of questionnaires and Secondary data had been amassed from journals, books, websites, and magazines.
- **Sample Size:** The sample size of this study is that selected from sample unit. The Sample is 60 respondents, even as using online shopping in the period of demonetization.
- **Sample Design:** A survey was conducted from more than a few retailers in Cuddalore town. This analysis is established on descriptive nature with the aid of using Random Sampling method.
- **Tools and Techniques:** The collected data have also been tested with the aid of Percentage Analysis and Chi Square Test.

Limitation of the Study

The Study was confined only in Cuddalore Town, So the respondents are limited for this study and the time period for this study is limited.

Review of Literature

Swait and RohanBhargava, Founders of CashKaro.com says, "He accept Prime Minister NarendraModi's brave decision to the circulation of Rs 500 and Rs 1000 bank notes, and this will fetch good transparency and stronger accountability. The circulation has certainly given a motive to people to make digital payments and the people are eager to shop online more. Wallets like Paytm have seen significant growth. CashKaro.com - The number of people are increasing to click through CashKaro websites and going to purchase daily essentials and consumables goods. One of the main reasons for this increase is that the Cashback members earn from CashKaro is paid over and above applied discount coupons, bank & wallet offers. CashKaroCashback is in the form of Real Cash and can be transferred to user's Bank Account."

The impart riches disaster is clearly identifiable thus far India is shopping. In any case, it hasn't been a effortless pester for online commerce stages which own been reeling under emphasis over undelivered arranges as a ton of clients assert complete on cash down or COD, so far are putting forwards moral them from the past currency notes. On November 8, 2016, top Minister NarendraModi confirmed exclusion on the deployment of Rs 500 and Rs 1,000 currency explanation and requested that the natives cause their former cash traded for the new Rs 2,000 notes. whereas this prompted to an gradient existence old of cashless administrations, online partnership stages, for example, Flipkart, Amazon, and Snapdeal are thoughts that it's firm to fill commands that control been settle on distant for COD.

This is a foster misfortune to us as Snapdeal and Amazon expense us shipping expenses on such requests," assumed a commissioner of every India Online Vendors correlation (AIOVA) that speaks to 1,500 online merchants. Compelling after the declaration on demonetization, internet thing stages had ceased COD manner which represented near 60 percent of maze based shopping in the nation. In any case, with the presentation of new Rs 2,000 funds noticed, the COD part unorthodox had been continued. As apiece the AIOVA representative, superior regard of undelivered income is entirely the further apprehensive as broad-spectrum online topic deals are around up to 70 percent since the demonetization.

The rise and fall of Cash on Delivery:

It used to be essential hit of demonetization on e-commerce firms, and customers as good. India has at altogether era been elegant on intense hard cash for not quite 90% of its transactions. As outlying as online shopping is anxious, virtually 80% of the transactions are finished throughout currency on rescue (CoD) approach. Post the demonetization disclosure, CoD was majorly crash into bit e-commerce giant's corresponding to Amazon, Flipkart, Snapdeal etc, faced repercussions with several buyers cancelling coins instructions immediately.



The manifestation to compensate for online shopping through digital contact like debit/credit cards, wallets, and network banking will convey make somewhere your home towards these channels and steer to the evolve of this procedure. It will additionally welfare e-commerce structures by dipping usage expenditure and threats about money. In the advent years, as digital payment methods top perforate, CoD will maybe be as exceptional as gone – a transformation that’s definitely desirable for e-commerce companies as fortunate as users.

After Demonetization Cashless becomes the New Norm – Mobile Wallets Reign

The cash crunch originate anticipated the daring relocation by the Indian control has convey inhabit in the management of digital payment methodology such as mobile wallets, Internet banking, and debit/credit cards. The country old to be if truth be told positioned on the brisk path towards appropriates a cashless society. At the unchanged time these changes were compelling outcomes, mobile wallets gained underlying traction. All the rage mobile wallets such as Paytm, Freecharge, Mobikwik, and Citrus shell out relished a multiplied expand in users.

Indians be fond of a sound bargain every time they shop. Correctly, a large mass of citizen’s flips to online shopping no more than for the reductions and offers accommodate to them by of medium. The magazine of demonetization has introduced fully a proportion of estimate consciousness surrounded by shoppers. People, for that reason, will flip to notes rearward and slip sites, which compute to their economic savings, surely throughout this hard cash crunch. Online shopping entertains that accessory with friend’s contribution money fund and ticket reimbursement will be as long as to the forefront, given that twin remuneration inside the outline of fiscal savings for customers and manifold sales for e-commerce websites.

Each and every one in all, demonetization may gaze it will session opulence in the to the point run, in the better ruse of things, it will simplest outcomes in disdainful efficiency, better sales and extravagant revenues for e-commerce platforms.

Analysis and Interpretation

H0: There is no significant difference between age and payment methods of the respondents.

Table 1 - Chi Square Test

Age/Payment Method	Payments Wallets	COD Payments	Bank Cards	Total
18 – 25	4	-	2	6
25 – 35	16	-	8	24
35 – 45	13	2	5	20
Above 45	5	1	4	10
Total	38	3	19	60

$$\chi^2 = \sum_i \frac{(O_i - E_i)^2}{E_i} \sim \chi^2 (r - 1)(c - 1) \text{ d.f}$$

Where,

O = Observed Frequency

RT = Row Table

E = Expected Frequency

CT = Column Table

$E = \frac{RT * CT}{GT}$

GT = Gross Table

Calculated Value – 3.8637

Table Value – 18.5476

Degrees of Freedom – $(r - 1)(c - 1) = (3 - 1)(4 - 1) = (2)(3) = 6$

Level of Significance – 5%



Inference

The table value of Chi-square for 6 degree of freedom is at 5 % level of significance is 18.5476 and the calculated value is 3.8637. Since the calculated value is lesser than the table value so, the null hypothesis is accepted. It can be concluded that there is no significant difference between age and payment methods of the respondent.

Findings and Suggestions

Findings

- 45% of respondent are Male, 15% of respondents are Female, using online shopping while in demonetization.
- 17% of the respondents are between 18 – 25 years of age, 38% of the respondents are between 25 – 35 years of age, 30% of the respondents are between 35 – 45 years of age, 15% of the respondents are above 45 years of age are using online shopping in demonetization.
- 75% of the respondents say, demonetization is a great decision and that it is going to pivotel in reducing black money, but the people are not able to manage the situation on that period.
- 78% of the respondents have began to shop online in view that demonetization has been introduced.
- 50% of the respondent most often preferred payment Paytm Wallet.
- 63% of the respondent utilizing online wallet after interdict of Rs. 500 and Rs. 1000.
- 42% of the respondents are nonetheless shopping at neighborhood shops however they are utilizing 'Plastic Money' for making payment.
- 87% of the respondent agrees that "Cashback Offers" through retailers, banks and websites are serving to them to save and earn for the period of this interval of cash crunch.

Suggestion

The Government designed that the India has to become a cashless economy, with the help of demonetization process. The Consumer prefers the online to formulate their shopping. The Consumers search out the opportunities to access the credibility provide by E-company. Even as in demonetization, the consumers prefer the online transaction to make their payment easily. The E-Company's requirements to present extra E-Payment crest put together the payment and present awareness and usage of E-Payment device.

Conclusion

The E-Payment system is populating today, therefore the marketplace is globalised and the banking sector intensification is high-pitched and nearly all the people have a preference about the E-Payment system for their Payment and for their transaction. In the demonetization period most of the people prefer payment wallet for online shopping. The Demonetization is heartwarming the collective people. They allow day by day means to remuneration for their requests and for their emergency. The Government is ensuring the collective fill engage in abrupt open to an adequate amount of money.