

“A STUDY ON DEMONETIZATION AND IT’S IMPACT ON WHOLESELERS ”

(With Special Reference to Davanagere city)

A

Project Report

Submitted To Davanagere University,
Davanagere, For The Award Of The Degree Of

MASTER OF COMMERCE

BY

POOJA .J.N

Reg. No: MC192710

Under the Guidance Of

Ms. SINDHU .M.S M.com,

FACULTY MEMBER



Department of Commerce,

A.R.M First Grade College & PG Centre, Davanagere.

2020-21

Ms. Sindhu .M.S M.com,
Faculty Member
Department of Commerce,




A.R.M F G C & PG Centre,
S.N Layout, Davanagere-04

GUIDE CERTIFICATE

This is to certify that the Project entitled *“A Study on Demonetization And it’s Impact on Wholesalers”.* (With Special Reference to Davanagere city) Submitted by **POOJA .J.N** (Reg.No :- **MC192710**) for the award of the degree of **Master of Commerce** to the Davanagere University, Davanagere, represents her independent work carried out by her in the Department of Commerce, under my Guidance and supervision.

Date: 25/9/21
Place: Davanagere


Ms. SINDHU .M.S M.com,
Faculty Member
A.R.M F G C and PG
Centre Davanagere

Ms. Triveni C. D.
M.com,

Head of the Department,
Department of Commerce,



A.R.M F G C & PG Centre,
S.N Layout, Davanagere-04

HOD CERTIFICATE

This is to certify that, **POOJA .J.N** Bearing **Reg. No :- MC192710**, is a bonafide student of A.R.M First Grade College and PG Centre, Davanagere for the academic year 2020-21. She has Satisfactorily completed this Project entitled "*A Study on Demonetization And it's Impact on Wholesalers*". (With Special Reference to Davanagere city) is prepared and submitted by her in partial Fulfillment of the requirement for the award of **Master of Commerce**.

Date: 35/9/21
Place: Davanagere


Ms. TRIVENI .C.D M.com,
Head of the Department
A.R.M F G C and PG
Centre Davanagere

Prof. D.H.Pyati
M.A.
Principal,




A.R.M F G C & PG Centre,
S.N Layout, Davanagere-04

COLLEGE CERTIFICATE

This is to certify that the Project entitled "*A Study on Demonetization And it's Impact on Wholesalers*".(With Special Reference to Davanagere city) Submitted by **POOJA .J.N** (Reg.No :- **MC192710**) for the award of the degree of **Master of Commerce** to the Davanagere University, Davanagere, represents her independent work carried out by her in the Department of Commerce, under the Guidance and supervision of **Ms. SINDHU .M.S** Faculty Member, Department of Commerce, A.R.M First Grade College and PG Centre, Davanagere.

Date: 25/9/21

Place: Davanagere

Principal

Prof. D.H.Pyati

DECLARATION

POOJA .J.N

Reg No.:- MC192710

IV Semester M.Com

Department of commerce

A.R.M First Grade College and PG

Centre Davanagere- 577004

I hereby declare that this project report entitled as "*A Study on Demonetization And it's Impact on Wholesalers*".(With Special Reference to Davanagere city) It has been prepared by me as part of my academics during the IV Semester of M.Com. For the partial fulfillment of degree of **Master of Commerce**, of Davanagere University, Davanagere. Under the guidance of **Ms.SINDHU .M.S** Faculty Member, Department of Commerce, A.R.M First Grade College and P.G Centre. Davanagere.

To the best of my knowledge and belief the matter presented in this report has not been submitted earlier for the award of any degree to any university. This report is prepared by me on my own efforts.

Pooja J.N

POOJA .J.N

(RegNo:MC192710)

Place: Davanagere

Date: 25/9/21

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CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION:

The history of commerce begins in antiquity when people used to exchanged animals or products. Later, in order to ease this trade off, people invented the money, which had (he role of an intermediary. The goods begun to be traded in exchange for a sum of money, depending on how they were valued. This practice has traditionally been preserved to this day.

The idea of wholesale commerce has emerged with the first people who brought products from distant lands, sometimes even from other continents, to supply local merchants who did not have access to those sources.

In the meantime, wholesale commerce has become an important link in merchandise circulation, through which they move from industrial or agricultural manufactures to retailers. Wholesale distribution does not end merchandise circulation; it is only a part of it. Today, it includes all sales of goods and services to anyone who buys them in order to resell them or use them for business purposes, instead of individual interest.

A few aspects have always characterized this type of distribution such as, wholesalers are individuals or companies having a large financial coverage, like companies in the Denver beverage distributors industry. Wholesale distribution specializes in various directions food, industrial, construction, installation etc.

Wholesalers can become direct importers in order to acquire the goods needed to supply the retail trade. Demonetisation is the act of stripping a currency unit of its status as legal tender. Demonetisation is necessary whenever there is a change of national currency. The old unit of currency must be retired and replaced with a new currency unit. Prime Minister Narendra Modi on Tuesday ,8 November 2016 announced demonetisation of Rs.500 and Rs. 1000 currency notes with effect from midnight, making these notes invalid in a major assault on block money, fake currency and corruption.

The RBI will issue two thousand rupee notes and new notes of five hundred rupees which will be placed in circulation from 10th November 2016. Notes rupees which Notes of one hundred, fifty, twenty, ten, five, two and one rupee will remain legal tender and will remain unaffected by this decision. This move is expected to cleanse the formal economic system

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CONCLUSION:

There is a strong vision to up lift the economy. The scarcity of cash has also had positive fallout as India copper with digitalization, many customer and traders are opting for cashless transaction, wholesalers have started accepting payment in check, but small traders business have been hugely impacted by over 50% they suffer almost 20% loss, wholesalers more cash dependent due to less digital connectivity and education. This move will definitely bring about a sea of change in the way transactions are done in India. And help strengthen the wholesalers by wiping out block money and fakenotes.

While e commerce companies that see a huge chunk of payments happening through cash on delivery mode will face some challenges in the initial few days, in the long run this move will only bring about positivechanges.

The move by the government to demonetise old currency and replacing it with the new one has taken the country by surprise. The move was an effect to handle the threat of illegal money, corruption, terror funding and counterfeit currency.

The demonetisation is followed by a liquidity crunch in the country, banks and ATMs across the country faced severe cash shortages with detrimental effects on various small business, agriculture and transportation.

The total value of old currency notes in the circulation was to tune of Rs.14.2 trillion, which constitute about 86% of the total value in circulation. The block money has either been accounted by paying heavy taxes and penalties or has reached the bank accounts through direct or indirect channels