Quest Journals
Journal of Research in Humanities and Social Science
Volume 5 ~ Issue 3 (March 2017) pp: 96-103
ISSN(Online):2321-9467
www.questjournals.org

Research Paper

Comparative Study of Demonetisation Effects on Organized and Unorganized Sectors in India

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Abstract
This study investigates the immediate and short-term effects of demonetisation on organized and unorganized sectors in Sikar, Rajasthan, following the Government of India's November 2016 currency withdrawal initiative. Using primary data from 100 respondents, including formal businesses, informal enterprises, and daily wage workers, the study examines financial impact, operational disruptions, labor challenges, digital payment adoption, and policy perception. Results indicate higher resilience in organized firms due to banking access, formal payroll, and digital transaction capacity, whereas informal businesses experienced severe liquidity constraints, operational paralysis, and income loss. The findings highlight the need for targeted policy measures, financial inclusion, and digital literacy interventions to mitigate adverse effects in cash-dependent economies.
Keywords: *Demonetisation, Organized Sector, Unorganized Sector, Cash Dependence, Digital Payments, Employment Vulnerability, India*

I. Introduction

The Indian economy, being a heterogeneous mix of formal and informal activities, has historically experienced significant policy-driven transformations. One of the most prominent and controversial monetary policy decisions in recent times was the demonetisation initiative announced on **November 8, 2016**, wherein the Government of India invalidated the ₹500 and ₹1000 currency notes, which together accounted for approximately 86% of the total currency in circulation (RBI, 2016a). The primary objectives of demonetisation, as articulated by the government, included the eradication of counterfeit currency, curbing the circulation of black money, promoting a digital payment economy, and encouraging greater formalization of the Indian economy (Government of India, Ministry of Finance, 2016). The immediate announcement of demonetisation created unprecedented disruptions across the economy, affecting both the organized (formal) and unorganized (informal) sectors. The organized sector, which includes registered companies, public enterprises, and institutions governed by formal labour and financial regulations, faced operational adjustments largely in cash-handling processes, banking, and payroll systems. In contrast, the unorganized sector, which constitutes a significant portion of India's employment and economic activity — particularly micro, small, and medium enterprises (MSMEs), street vendors, daily wage earners, and informal traders — was heavily reliant on cash transactions, and thus experienced acute liquidity constraints, operational slowdowns, and uncertainty regarding earnings and survival (NCAER, 2016; RBI, 2016b).

This study seeks to conduct a **comparative analysis of the effects of demonetisation on the organized and unorganized sectors in India**, emphasizing the immediate economic disruptions, sector-specific challenges, adaptive responses, and potential medium-term implications for employment, production, and formalization. By examining the differential impact of demonetisation on these two sectors, policymakers, economists, and researchers can gain valuable insights into the structure of the Indian economy, the resilience of formal versus informal enterprises, and the unintended consequences of sudden macroeconomic interventions.

Background of Demonetisation in India

Demonetisation is not a novel concept in Indian economic history. Previous instances include the withdrawal of ₹1000, ₹5000, and ₹10,000 notes in 1946, and ₹1000 notes in 1978 (RBI, 2016a). However, the 2016 demonetisation was unprecedented in **scale and scope**, targeting high-denomination notes while affecting a modern, cash-dependent economy in a highly digitalizing but still predominantly cash-based context (Subramanian, 2016). The rationale for the 2016 policy was multi-faceted. First, the government emphasized the need to **combat black money**, which refers to unaccounted wealth typically hidden in cash outside the formal financial system. Second, demonetisation was intended to **curb counterfeit currency**, which was reportedly funding illegal activities, including terrorism and organized crime (Ministry of Finance, 2016). Third, the policy aimed to **accelerate the adoption of digital payments**, thereby promoting transparency, traceability, and tax compliance. Finally, an implicit objective was the **formalization of the unorganized sector**, bringing informal economic activities under regulatory scrutiny and banking coverage (RBI, 2016b). The announcement was abrupt, allowing only a few hours for the public to deposit or exchange the invalidated notes. Banks and ATMs experienced long queues, transactional bottlenecks, and logistical challenges in dispensing new currency. The sudden contraction of cash in circulation led to a temporary liquidity crunch that rippled across all sectors, with the **magnitude and nature of the impact varying according to the degree of cash reliance, digital readiness, and regulatory compliance** of each sector (Subramanian, 2016; NCAER, 2016).

Organized Sector: Structure and Characteristics

The organized sector in India includes large corporations, formalized MSMEs, government enterprises, and institutions that adhere to statutory compliance such as the Companies Act, the Income Tax Act, Provident Fund contributions, and labour regulations. This sector is relatively insulated from sudden cash shortages due to its **greater access to formal banking channels, digital payment systems, and internal cash reserves** (RBI, 2016b). Key characteristics of the organized sector that shaped its response to demonetisation include:

1. **Banked Transactions**: The majority of transactions in the organized sector are conducted electronically through cheques, electronic fund transfers, or digital wallets. Therefore, these entities faced minimal disruption in day-to-day operational liquidity.
2. **Formal Payroll**: Salaries of employees in the organized sector are generally disbursed via bank transfers, mitigating the immediate impact of cash shortages on employee income.
3. **Regulatory Compliance**: Formal firms are already subject to rigorous accounting and reporting requirements, making them more adaptable to new compliance measures induced by demonetisation, such as the requirement for documented cash receipts or deposits above a threshold.

Despite these advantages, the organized sector was not immune to challenges. Businesses that dealt in cash-intensive segments, such as retail chains, restaurants, and hospitality, experienced temporary cash flow disruptions. Additionally, demand-side shocks emerged as consumers curtailed expenditures due to limited liquidity, thereby affecting revenue streams for certain organized firms (RBI, 2016b).

Furthermore, the organized sector, being intertwined with the unorganized economy, also faced **indirect effects**. Suppliers and subcontractors operating informally encountered cash shortages, delaying deliveries, production, and payment cycles for organized firms. Consequently, the ripple effects highlighted the interdependence of formal and informal sectors in India's economy (NCAER, 2016).

Unorganized Sector: Structure and Vulnerability

The unorganized sector, often referred to as the informal sector, constitutes approximately **90% of India's workforce** and contributes roughly **50% of national GDP** (NCEUS, 2009; NSSO, 2016). This sector includes street vendors, small-scale traders, daily wage laborers, informal artisans, construction workers, and small unregistered enterprises. Characteristically, these activities are **highly cash-dependent, unregulated, and vulnerable to liquidity shocks**. Key attributes of the unorganized sector that amplified the impact of demonetisation include:

1. **High Cash Dependence**: Transactions are overwhelmingly conducted in cash, including payments for raw materials, wages, and customer purchases. The sudden withdrawal of ₹500 and ₹1000 notes created immediate difficulties in meeting operational needs and household obligations.
2. **Limited Banking Access**: Many informal enterprises and workers have limited access to bank accounts, ATMs, and digital payment systems, making it challenging to convert old notes or receive wages electronically.
3. **Low Financial Buffers**: Unlike formal enterprises, informal businesses generally maintain minimal financial reserves. Even a short-term cash crunch can severely disrupt production and livelihood.
4. **Labour Vulnerability**: Daily wage earners, contract laborers, and casual workers were among the hardest hit, as employers struggled to pay salaries in cash. The absence of formal wage agreements or bank transfers exacerbated financial insecurity.
5. **Sectoral Exposure**: Certain segments, such as construction, street vending, and small-scale retail, faced near-total operational paralysis for days or weeks post-demonetisation due to inadequate alternative payment methods (NSSO, 2016; Subramanian, 2016).

The immediate effects on the unorganized sector were profound. Reports in November–December 2016 highlighted **loss of daily income, reduction in working hours, disruption of supply chains, and temporary closure of informal enterprises** (RBI, 2016b; Ministry of Finance, 2016). These disruptions, while often temporary, raised questions about the resilience of informal economic activities to abrupt macroeconomic interventions.

Comparative Analysis: Organized vs. Unorganized Sectors

The differential impact of demonetisation on organized and unorganized sectors can be understood through the lens of **cash intensity, digital preparedness, regulatory compliance, and financial resilience**.

Cash Intensity and Transaction Mode

While the organized sector primarily relies on non-cash transactions, the unorganized sector's reliance on cash meant that even short-term liquidity disruptions had severe operational consequences. Retail stores and service providers operating informally were forced to **restrict sales, delay procurement, and in some cases, shut down temporarily**, whereas organized entities managed transactions largely through bank-mediated channels (RBI, 2016b).

Operational Resilience

Organized firms exhibited higher **operational resilience**, as their pre-existing financial and technological infrastructure allowed them to adapt rapidly. For instance, companies could re-route payments, encourage digital transactions, and maintain continuity of production. In contrast, informal firms, lacking financial buffers or technological support, experienced **higher vulnerability to operational disruptions**, indicating systemic fragility in the unorganized economy (NCAER, 2016).

Labour and Employment Impact

The workforce in the organized sector experienced minimal income disruption, due to formal salary disbursal systems. In the unorganized sector, however, daily wage laborers and casual workers suffered **immediate income loss**, affecting both consumption patterns and household welfare. This disparity highlights the structural inequality in financial protection and social security coverage between the two sectors (NCEUS, 2009; Subramanian, 2016).

Demand-Side Shock Transmission

Demonetisation created a **demand shock** that affected both sectors. Consumers, facing cash shortages, curtailed discretionary spending. Organized sector firms dependent on consumer sales, such as automobile dealers, retail chains, and hospitality enterprises, experienced **reduced revenue flows**, though the impact was relatively short-term. The unorganized sector, heavily reliant on daily cash transactions, faced a **double shock**: reduction in both consumer demand and immediate cash availability, intensifying operational and financial stress (RBI, 2016b).

Supply Chain Interdependence

A critical insight from the demonetisation episode is the **interdependence of organized and unorganized sectors**. Organized firms often rely on informal suppliers for raw materials, logistics, and labor. Disruptions in informal supply chains led to **production delays and inventory constraints** for organized enterprises, demonstrating that shocks in the unorganized sector can indirectly affect formal businesses, even if they are better equipped to withstand direct liquidity challenges (NCAER, 2016).

Anticipated Medium-Term Implications

While the immediate effects were largely disruptive, several anticipated medium-term implications were envisaged:

1. **Acceleration of Digital Payments**: The government anticipated a gradual shift from cash to digital modes of payment in both sectors. Organized firms were better positioned to integrate electronic payment systems, whereas informal businesses faced structural and technological challenges (Ministry of Finance, 2016).
2. **Formalization of the Economy**: By encouraging bank account usage and digitized transactions, demonetisation was expected to gradually formalize informal enterprises, improving tax compliance and regulatory oversight. However, the pace of formalization remained uncertain due to resource and knowledge gaps among informal actors (Subramanian, 2016).
3. **Short-Term Economic Slowdown**: Analysts projected a temporary slowdown in GDP growth due to reduced consumption, liquidity constraints, and operational disruptions in informal activities. Certain sectors, particularly cash-dependent micro-enterprises, were expected to recover gradually as liquidity normalized (RBI, 2016b).
4. **Employment and Livelihood Adjustments**: Informal workers may face short-term unemployment or underemployment, prompting policy interventions to mitigate adverse social impacts. The organized sector was anticipated to maintain stable employment, but indirect effects through supply chain disruptions were likely to persist (NCEUS, 2009).
5. **Policy Lessons**: The episode highlighted the critical importance of **cash management, digital infrastructure, and social safety nets** for informal sector workers, emphasizing the need for targeted support mechanisms in future policy interventions (NCAER, 2016).

Research Objectives

The primary objective of this study is to conduct a **comparative analysis of the effects of demonetisation on organized and unorganized sectors in India**, focusing on:

1. Examining immediate operational, financial, and labor-related impacts on both sectors.

2. Identifying structural factors that contributed to differential sectoral resilience.
3. Assessing short-term demand-side and supply-side disruptions.
4. Evaluating potential medium-term implications for formalization, digitalization, and economic growth.
5. Informing policy discourse regarding interventions in heterogeneous, cash-dependent economies.

Scope of the Study

The study focuses on **short-term and immediate effects of demonetisation**, primarily covering the period **November–December 2016**, with references to pre-policy conditions for context. The geographical scope encompasses urban and semi-urban regions where both organized and unorganized economic activities co-exist. Sectoral coverage includes:

- **Organized sector**: large corporations, registered MSMEs, banks, and formal service providers.
- **Unorganized sector**: small-scale enterprises, street vendors, daily wage laborers, informal artisans, and cash-dependent service providers.

The study does not extend to long-term macroeconomic outcomes post-2016, as these were not observable at the time. Instead, it provides a **contemporaneous analysis**, reflecting the perceptions, data, and economic understanding prevalent in 2016.

Significance of the Study

The demonetisation episode of 2016 serves as a **natural experiment in cash shock economics**, offering valuable insights into:

1. **Sectoral Resilience**: Understanding why certain sectors withstand monetary shocks better than others.
2. **Policy Implications**: Informing future interventions in cash-dependent economies, emphasizing the need for phased implementation, liquidity support, and technological readiness.
3. **Economic Structure Analysis**: Highlighting the interconnectedness of formal and informal sectors, and the vulnerabilities of unorganized enterprises.
4. **Employment and Social Welfare**: Identifying the differential social impact on formal versus informal labor, guiding social safety net design.

II. Methodology

Research Design

This study employs a **descriptive and analytical research design**, focusing on the immediate and short-term impact of demonetisation on economic activities in Sikar, Rajasthan. The research specifically compares the effects on organized and unorganized sector participants, emphasizing cash dependence, operational disruption, income fluctuation, and adaptation strategies.

Population and Sample

The study population comprises **business owners, employees, and laborers operating in Sikar district**, Rajasthan, across both organized and unorganized sectors. A **purposive sampling technique** was used to select **100 respondents** to ensure balanced representation from different sectors, business sizes, and transaction types (cash-intensive vs. banked).

- **Organized sector respondents:** 50 (including registered MSMEs, retail stores, and service providers)
- **Unorganized sector respondents:** 50 (including street vendors, daily wage laborers, artisans, and small informal traders)

III. Data Analysis AND Findings

Quantitative data were analyzed using **descriptive statistics** (frequency, percentage, mean, and standard deviation). **Comparative analysis** between organized and unorganized sector respondents was conducted using **cross-tabulations and charts** to highlight differences in impact. Qualitative insights from interviews were incorporated to contextualize the numeric results.

Table 1: Respondent Demographics

Parameter	Organized Sector (n=50)	Unorganized Sector (n=50)	Observations
Male	35 (70%)	30 (60%)	Slightly higher male participation in organized sector
Female	15 (30%)	20 (40%)	Women more represented in informal sector
Age 20–35	20 (40%)	30 (60%)	Younger workforce dominates informal sector
Age 36–50	25 (50%)	15 (30%)	Middle-aged individuals dominate formal sector
Age 51+	5 (10%)	5 (10%)	Minimal older workers

Table 1 presents the age and gender distribution of 100 respondents from Sikar, Rajasthan, across organized and unorganized sectors. Males dominate both sectors, with 70% in organized and 60% in unorganized, while female participation is higher in informal activities. Younger respondents (20–35 years) are more prevalent in the unorganized sector, reflecting the preference for physically intensive labor, whereas middle-aged individuals dominate the formal sector. Older respondents are minimal across both sectors. These demographic patterns indicate workforce composition, gender participation, and age-related labor dynamics, which may influence resilience and adaptation to the demonetisation shock.

Table 2: Education Levels

Education	Organized Sector	Unorganized Sector	Observation
Illiterate	0	15 (30%)	Informal sector has low literacy
Primary	5 (10%)	20 (40%)	Many unorganized respondents with basic education
Secondary	20 (40%)	10 (20%)	Secondary education higher in organized sector
Graduate+	25 (50%)	5 (10%)	Organized sector more educated

Table 2 highlights the educational qualifications of respondents. The organized sector shows a majority of graduates (50%) and secondary education holders (40%), reflecting formal recruitment criteria. In contrast, the unorganized sector has lower literacy levels, with 30% illiterate, 40% primary-educated, and only 10% graduates. This educational disparity affects understanding of policy measures, adoption of digital payments, and awareness of banking solutions. Higher literacy in the formal sector likely facilitated smoother adaptation to demonetisation, whereas low education in informal enterprises contributed to operational challenges and slower integration into formal financial channels.

Table 3: Business Characteristics

Parameter	Organized Sector	Unorganized Sector	Observation
Registered Business	50 (100%)	10 (20%)	Registration higher in formal sector
Informal Enterprise	0	40 (80%)	Majority informal
Employee Strength >10	30 (60%)	5 (10%)	Large workforce concentrated in organized sector
Cash-Dependent Transactions >70%	10 (20%)	45 (90%)	Informal sector heavily cash-reliant

Table 3 compares sectoral business attributes. All organized businesses are registered, while 80% of unorganized enterprises remain informal. Employee strength above ten is concentrated in organized firms, reflecting scale differences. Cash dependency is minimal in formal operations (20%), whereas 90% of informal businesses rely heavily on cash transactions. These characteristics explain the differential vulnerability to demonetisation: registered, banked, and digitally inclined firms maintained operational continuity, whereas unregistered, cash-dependent informal businesses faced liquidity crises, supply chain disruptions, and employment hardships. Business structure thus directly mediates the impact of monetary policy shocks.

Table 4: Financial Impact (Daily Revenue Reduction Post-Demonetisation)

Revenue Reduction	Organized Sector	Unorganized Sector	Observation
<20%	35 (70%)	5 (10%)	Minimal revenue loss in organized sector
20–50%	10 (20%)	15 (30%)	Moderate loss in both sectors
50–80%	5 (10%)	20 (40%)	Significant loss in informal sector
>80%	0	10 (20%)	Severe impact on highly cash-dependent enterprises

Table 4 presents the immediate financial impact post-demonetisation on daily revenue. In the organized sector, 70% experienced less than 20% revenue reduction, while informal firms faced severe declines, with 60% losing over 50% of daily income. The higher financial resilience in formal enterprises arises from electronic transactions, access to bank liquidity, and diversified customer bases. Conversely, the unorganized sector's reliance on cash amplified revenue losses, affecting survival. These findings underline the asymmetric economic burden, highlighting the vulnerability of informal businesses to abrupt monetary shocks, and the relative insulation of the formal sector.

Table 5: Operational Disruption (Work Hours Lost)

Parameter	Organized Sector	Unorganized Sector	Observation
No disruption	30 (60%)	5 (10%)	Formal sector more resilient
<2 days lost	15 (30%)	10 (20%)	Minor disruptions
3–5 days lost	5 (10%)	20 (40%)	Unorganized sector affected longer

Parameter	Organized Sector	Unorganized Sector	Observation
>5 days lost	0	15 (30%)	Severe operational impact in informal businesses

Table 5 analyzes work hours lost due to demonetisation-induced cash shortages. Sixty percent of organized firms reported no disruption, whereas 70% of unorganized firms lost between 3–5 days or more. Delays in procurement, cash collection, and payments caused temporary closures among informal businesses. Operational resilience in formal enterprises reflects structured banking access, payroll systems, and contingency mechanisms. The table underscores the crucial role of operational preparedness, technological infrastructure, and planning in mitigating disruptions during macroeconomic interventions.

Table 6: Employment Effects

Parameter	Organized Sector	Unorganized Sector	Observation
Wage Delay	10 (20%)	40 (80%)	Informal workers suffered major delays
Temporary Layoff	5 (10%)	25 (50%)	Informal labor more vulnerable
Daily Income Loss >50%	0	30 (60%)	Unorganized workers heavily affected

Table 6 examines the impact on labor. In the organized sector, only 20% experienced wage delays and 10% faced temporary layoffs. In contrast, 80% of informal workers had wage delays, and 50% experienced temporary layoffs. Additionally, 60% of unorganized laborers lost more than half of their daily income. These disparities highlight the vulnerability of informal employment, lacking social protection or formal contracts, and the relative security provided by organized sector structures. The findings reflect critical socio-economic consequences, emphasizing the need for protective mechanisms for cash-dependent workers during monetary reforms.

Table 7: Digital Payment Adoption

Payment Mode	Organized Sector	Unorganized Sector	Observation
Bank Transfer	45 (90%)	10 (20%)	Formal sector extensively uses banks
Mobile Wallets	30 (60%)	5 (10%)	Limited adoption in informal sector
Cash Only	5 (10%)	35 (70%)	Informal sector dependent on cash

Table 7 shows adoption of digital transactions. In the organized sector, 90% used bank transfers, 60% utilized mobile wallets, and only 10% relied solely on cash. Unorganized sector adoption was minimal, with 70% cash-dependent, 20% using bank transfers, and 10% mobile wallets. This digital divide explains operational disparities: formal enterprises could circumvent cash shortages using electronic payments, whereas informal businesses struggled to conduct transactions. The findings emphasize the importance of **financial literacy, digital infrastructure, and mobile payment awareness** in ensuring resilience to currency disruptions.

Table 8: Customer Behavior

Parameter	Organized Sector	Unorganized Sector	Observation
Reduced Purchase	20 (40%)	35 (70%)	Consumers restricted spending
Payment Delay	15 (30%)	30 (60%)	Informal transactions delayed
Shift to Digital	10 (20%)	5 (10%)	Small shift in formal sector only

Table 8 depicts consumer response to cash shortages. Formal businesses experienced moderate reductions in purchases (40%) and payment delays (30%), while informal firms faced severe declines (70%) and high delays (60%). Only a small fraction of customers shifted to digital modes. Reduced consumer liquidity, combined with cash-dependence, compounded challenges in informal sector sales, while formal businesses partially mitigated the effect through pre-existing banking and digital mechanisms. The table illustrates how **consumer behavior amplifies sector-specific vulnerabilities** during sudden monetary interventions.

Table 9: Supply Chain Impact

Parameter	Organized Sector	Unorganized Sector	Observation
Delay in Raw Material	15 (30%)	25 (50%)	Informal sector suffered procurement delays
Vendor Payment Issues	10 (20%)	35 (70%)	Major cash flow issues for informal businesses
Delivery Disruption	5 (10%)	20 (40%)	Delivery of goods affected more in informal sector

Table 9 assesses disruptions in procurement and delivery. Organized firms reported limited delays in raw material supply (30%), vendor payments (20%), and delivery (10%). In contrast, unorganized enterprises experienced higher delays: 50% in procurement, 70% in vendor payments, and 40% in delivery. Cash dependency and informal supplier networks exacerbate operational interruptions. The interdependence between formal and informal supply chains means that disruptions in unorganized sectors can indirectly affect organized businesses, emphasizing the need for **resilient supply chains and integrated financial mechanisms**.

Table 10: Adaptation Strategies

Strategy	Organized Sector	Unorganized Sector	Observation
Borrowing from Banks	20 (40%)	5 (10%)	Formal businesses used formal credit
Informal Borrowing	5 (10%)	20 (40%)	Informal sector relied on friends/relatives
Partial Closure	0	15 (30%)	Informal firms shut temporarily
Promotion of Digital Payments	15 (30%)	5 (10%)	Organized sector leveraged digital channels

Table 10 summarizes strategies adopted to cope with demonetisation. Organized firms leveraged bank borrowing (40%) and digital payment promotion (30%), while informal businesses relied on informal borrowing (40%) and partial closures (30%). The table highlights **strategic divergence**, reflecting disparities in financial access, technological readiness, and organizational capacity. Formal enterprises adapted effectively, whereas informal firms faced limited options, underscoring systemic vulnerability and the importance of policy support for cash-dependent micro-enterprises.

IV. Analysis and Discussion

The empirical study of 100 respondents from Sikar, Rajasthan reveals stark contrasts in sectoral resilience following demonetisation. The organized sector demonstrated higher resilience due to greater access to banking services, structured wage mechanisms, and the capacity to conduct digital payments. Formal firms were able to sustain operational continuity with minimal disruption, leveraging their existing digital infrastructure and institutionalized financial practices. Conversely, the unorganized sector, characterized by heavy cash dependence, limited banking access, and informal labor arrangements, faced significant operational and financial disruption. Daily wage earners and informal workers bore the brunt of the income shock, experiencing wage delays, temporary layoffs, and substantial reductions in working hours, which directly impacted household consumption and livelihood stability. The study also highlights a pronounced digital divide. While organized enterprises readily utilized bank transfers, mobile wallets, and other electronic payment methods, adoption in the informal sector was minimal, underscoring systemic gaps in technology access and financial literacy. Cash dependence amplified vulnerability, as even short-term shortages caused operational paralysis, disrupted supply chains, reduced revenue, and, in several cases, forced temporary business closures. These disruptions were further exacerbated by supply chain interlinkages; informal sector constraints affected organized businesses indirectly through delayed procurement, vendor payments, and service delivery, illustrating the interdependence of the dual-sector economy. Perceptions of demonetisation policy varied significantly between sectors. Respondents from the organized sector generally viewed the initiative favorably, citing potential long-term benefits such as black money control and formalization of economic activities. In contrast, informal sector participants perceived demonetisation as a short-term hardship, experiencing immediate financial strain without perceivable benefits. This divergence underscores the need for carefully calibrated policy interventions, incorporating support mechanisms for cash-dependent micro-enterprises and labor-intensive informal sectors, to ensure inclusive economic reform and minimize socioeconomic disruption.

V. Conclusion

The comparative study clearly demonstrates the differential effects of demonetisation on organized and unorganized sectors in Sikar, Rajasthan. Organized sector firms managed liquidity disruptions effectively, leveraged digital payment infrastructure, and maintained operational and employment stability. In contrast, informal sector entities suffered substantial income loss, employment instability, and operational setbacks due to high cash reliance and limited formal financial access. The empirical evidence underscores the vulnerability of unorganized enterprises and their workers, highlighting systemic inequalities in resilience to macroeconomic shocks. Findings emphasize the importance of phased cash reforms, targeted support for informal workers, promotion of digital financial inclusion, and policy measures that address both immediate and structural vulnerabilities in cash-intensive economies.

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