

# Development of a Scale for Measuring Impacts of Demonetization on Agriculture and Allied Sectors

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**Abstract**—8<sup>th</sup> Nov, 2016, a historical move by our honorable Prime Minister, has taken the country with surprise. Though its objective was for curbing black money, but this initiative has caused a sudden breakdown in nation's informal economy. It may have potential benefits in long-term view. But agriculture, which is the largest informal sector of Indian economy, has shown strong resilience to effect of demonetization. The trend and pattern in sowing and marketing of crops during the first seven weeks of demonetization provide useful indications to discern effect of demonetization on agriculture and allied sectors.

In such arena this study was undertaken with a specific objective to standardize the scale to measure the impact of demonetization on agriculture and allied sectors. For this purpose after studying relevant literature available online, news papers and after discussion with extension personnel a set of 50 statements reflecting the sectors that were affected badly just after the demonetization period have been selected.

In order to judge the degree of importance of each statement a panel of more than 50 judges was requested and their opinion was collected in terms of relevance of each statement on a three point scale ranging from "Most relevant" to "Not relevant" with 2, 1 and 0 scores respectively. All the relevant statements (relevancy score  $\geq 0.60$ ) along with modification or linguistic improvement as suggested by the experts were exposed to 60 respondents to respond on a five point interval scale from strongly agree to strongly disagree with score value of 5, 4, 3, 2 & 1. Based on these responses, Cronbach's alpha was calculated for each item to assess its discriminatory powers. Finally, 24 statements have been selected (fixing Cronbach's alpha as 0.70 or more) for inclusion on the final scale. It is a pioneer effort to develop a measuring scale for impact assessment of demonetization on agriculture and allied sectors and will help as a base for further future research and policy maker.

**Keywords:** Scale, Demonetization, Agriculture, Horticulture, Farm income, Banking channel.

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