

Impact of Digitalisation on Indian Perspective: A Study

Dr. Kailaspathi

Assistant Professor and Head, Department of Commerce Government First Grade College Chincholi-585307

Email: [kailaspathi.vishwakarm1979\[at\]gmail.com](mailto:kailaspathi.vishwakarm1979[at]gmail.com)

Cell No.9448957235

Abstract: *The digital India mission envisioned by the Government of India is aimed at transforming the country into a digital economy. One major part of this larger program is a special focus on digital payments. The program on digital payments is envisioned with elements such as, extending banking facilities to underbanked, banking from anywhere, expanding the base of financial inclusion, creation of digital space flywheel opportunities with national identity program and establishes enhanced transparency into the systems. Digital payments are becoming a key part of our daily lives and impacting society, business and the economy at large. The Present paper entitled impact of Digitalisation on Indian Perspective: A Study has been carried out keeping in mind the Digital Payments in the country, Growth Drivers for Digital Payments, Opportunities have been meticulously discussed.*

Keywords: Cashless, Digital, Drivers, Payments, Growth

1. Introduction

The digital India mission envisioned by the Government of India is aimed at transforming the country into a digital economy. One major part of this larger program is a special focus on digital payments. The program on digital payments is envisioned with elements such as, extending banking facilities to under banked, banking from anywhere, expanding the base of financial inclusion, creation of digital space flywheel opportunities with national identity program and establishes enhanced transparency into the systems. Digital payments are becoming a key part of our daily lives and impacting society, business and the economy at large.

2. Literature Review

Mishra (2017) in her study found that Government is decided to set digital targets for banks and payment firms. The government has taken a holistic approach to digital banking, looking at ways to incentivize train merchants and customers who use digital platforms, food and civil supply with the five lakh ration shops. Government is also planning to educate people well about digital payments. The process of demonetization was not properly planned. Planning for making India truly digital has begun only post demonetization.

Bhakta (2017) noted that digital payments grew 57% year-on-year in the last fiscal with mobile wallets more than doubling and card payments rising 44%, helped by a strong government push particularly after the demonetisation. He had also reported Aadhaar-enabled payment systems and the government-backed, Unified Payments Interface (UPI), have crossed transaction of 8.8 billion. In his article he has also covered details found in interview with AP Hota, MD, N PCI. He reported that hope in increasing in UPI as use of RuPay card is increasing will help to achieve target of 25 billion transactions. 1 lakh BharatQR codes that have been distributed across merchant outlets this year and they have plan to do another additional 93, 000 the coming year. RuPay cards had 195 million transactions at PoS terminals and around 87.5 million transactions for online transactions.

Bhakta and Variyar (2017) reported that The Ratan Watal committee recommend proper measures for encouraging digital payment in India, may have envisaged a rosy picture for digital transactions and recommended sweeping changes to regulation around payments. But industry executives and experts felt that the report was extremely futuristic and almost verges on wishful thinking as several recommendations are likely to face implementation issues.

Agarwal and Variyar (2017) reported in their article that in Budget our finance minister Arun Jaitley encouraged digital payments and announced a mission targeting at least 2, 500 crore cashless transactions in 2017-18 through payment modules such as the government's Unified Payments Interface (UPI) and Aadhaar Pay. The biometrics-based payments system will be launched shortly, for which banks will be encouraged to roll out 2 million Aadhaar-linked payments terminals by September. He also put a proposal to mandate all government receipts through digital means beyond a limit is also under consideration.

Variyar (2017) reported issues of digital payment did not consider in Budget 2017. Such issues were: costs of incentivising digital payments should be borne by government and RBI and not customers or financial intermediaries. Other issue was interoperability and open access to payment systems by non-bank payment service providers emphasised by RatanWatal Committee. She also reported an issue related to role of NPCI.

Goriparthi and Tiwari (2017) have found demonetisation as positive step ahead to dream of Digital India. They also argued policy direction by the government highlights the tremendous growth possibilities for the digital payments sector that is only just started to establish itself. They also emphasised that demonetization has also in a way dismantled some of the traditional barriers preventing Indians from adopting digital payment solutions such as the habit of using cash, complexity and unfamiliarity of digital payment systems, lack of compelling value proposition, and anxiety over fraud and network security.

Volume 12 Issue 2, February 2023

www.ijsr.net

Licensed Under Creative Commons Attribution CC BY

Ravi (2017) in his study found great scope of digital payment in rural India as it is faster and cheaper. He also argued that NPCI had developed new payment application, which are designed to work on all phones with or without internet and even without phones is helping rural India. He also emphasised on advantages of new digital payment system like: reduction in transaction cost, development of IT act in support of digital payment system, scope for development of ICT in India and ease in day settlement for merchants and small retailers.

Kumari and Khanna (2017) mentioned that cashless economy initiative will be of significant benefits to developing economy; hence the cashless system will be helpful in the fight against corruption and money laundering. One most significant contribution of the cashless economy is that it is expected to reduce the risk associated with carrying cash like loss of cash, theft and armed robbery, which will drastically reduce. They have also put an argument about positive relationship between cashless and economic growth. After reviewing the above literature it is found that very few study has been conducted on the topic "Digitalisation Impact on Indian Perspective: A study

3. Objectives

The following are the some of the objectives of this study:-

- 1) To analyse the impact of digital payment system in India.
- 2) To understand the consequences of digital system.
- 3) To check the adoption of technology by the people.
- 4) To compare new modes of digital payment system with ancient one

Hypothesis of the study:

The following are the some of the hypothesis set for the study:

H01: there is no significant impact of customers age on usage of digital payments.

H02: There is no significant impact of customers education on usage of digital payments.

H03: There is no significant impact of customers income on usage of digital payments.

Research Methodology

The study is conducted to obtain data on adoption of digital payment system in India. The study is conducted in Kalaburgi region. A sample size of 200 was selected using the stratified sampling. Out of which 183 were responded. This represents a response rate of 92%. Structured questionnaires are used for collecting data. The responses from the respondents were analysed using the simple percentage analysis and Chi square test

Research Gap:

This era of technology every human being is well versed with technology and interest to operate through digital mode if it is free from cybercrime the block chain model is to be adopted. The increasing use of digital modes for payment in India is bringing in many changes in various sectors like manufacturing and service as well. The payment mode selection decision by consumer after demonetisation has brought enormous changes in economic phenomenon. Thus here exists a scope for further study for identifying the

impact of demonetisation on digital payments. Thus the present assumes greater relevance.

The concept

Payment system plays an important role in driving the economic and social development of the country. The last decade has seen tremendous growth in use of internet and mobile phone in India. Increasing use of internet, mobile penetration and government initiative such as Digital India are acting as catalyst which leads to exponential growth in use of digital payment. Electronics Consumer transaction made at point of sale (POS) for services and products either through internet banking or mobile banking using smart phone or card payment are called as digital payment. The IAMAI report finds that an estimated 281 Million daily Internet users, out of which 182.9 million or 62% access internet daily in urban area, as compared to only 98 million users or 53%, in rural India. Almost double the proportion of Rural Users access internet less than once a month in rural India as compared to Urban India. Therefore, to make economy digitalized a joint effort of banks, government, educated youth and telecom industry will be required to spread the knowledge. They have to gain the trust of the people that their money is safe if they are doing transaction digitally. There is a requirement of making strict rules regarding cybercrime, online frauds and strengthen the internet security

Digital Payments in the country:

The Digital Payments ecosystem in India is undergoing a transformation with the entry of global tech giants that are acting as aggregators for retail transactions. Within just four months of launch, Google's payments app is now already processing a large number of digital transactions.

With Paytm—which has 7 million merchants (>2x the banking system) —now becoming a bank and post the launch of Google Tez and PhonePe, which are also focusing on merchant payments, a steep rise in digital payments could be expected.

While the number of PoS terminals has doubled since demonetization, the merchant acquisition infrastructure in India remains weak, as banks have not been able to drive adoption. This sector presents immense opportunities for digital players.

Way forward

New Modes of Digital Payments In addition to UPI which was introduced recently, several other modes have been introduced by NPCI. They are listed below and their details are given in the Glossary.

- Bharat Bill Payment System (BBPS)
- Bharat Interface for Money (BHIM)
- Bharat Quick Response Code Solution (Bharat QR)

Growth Drivers for Digital Payments:

In 2017-18, the Volume segment in Digital Payments is dominated by Debit Cards, PPIs and IMPS. These, together constitute close to 50 % of the total volume of Digital Payments. Their combined share in 2011-12 was 14%. The Value segment in Digital Payments is dominated by RTGS and NEFT. These together constitute 53 % of the total value of Digital Payments, which is almost same as in 2011-12.

Opportunities:

Digital Payments offer unique opportunities. The Global trends indicate heightened customer expectations for value-added services, increased competition due to the emergence of Fin Techs, new technologies, and an ever-changing regulatory landscape

These emerging global trends are expected to impact the Indian Digital Payments ecosystem and provide impetus to the growth of Digital Payments. In this booklet some estimates have been given towards the size of the Digital Payments ecosystem in 2023

The total digital payment market in India will grow to US\$1 trillion by FY23E led by the growth in mobile payments. Mobile payments are expected to grow from US\$10 billion in FY18E to US\$190 billion by FY23E. These estimates however include only 5 instruments which are: IMPS, Prepaid Instruments, UPI, ECS / NACH and Online spend.

Advantages of cashless transactions:

Convenience, Discounts Tracking spends Budget discipline Lower risk Small Gains

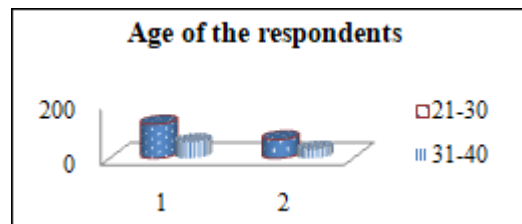
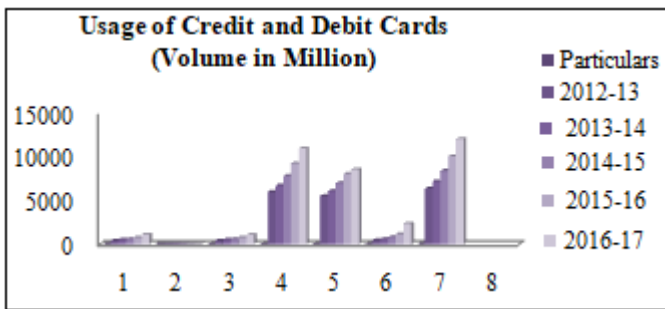
Disadvantages of Cashless Transactions

Higher risk of identity theft Losing phone Difficult for tech-unsay Overspending

Table 1: Usage of Credit and Debit Cards (Volume in Million)

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Credit Cards	399.13	512.03	619.41	791.67	1,093.51
Usage at ATMs	2.52	2.96	4.29	6.00	6.37
Usage at PoS	396.61	509.08	615.12	785.67	1,087.13
Debit Cards	5,999.21	6,707.10	7,804.57	9,247.00	10,962.36
Usage at ATMs	5,530.16	6,088.02	6,996.48	8,073.39	8,563.06
Usage at PoS	469.05	619.08	808.09	1,173.61	2,399.30
Total Credit and Debit Cards	6,398.35	7,219.13	8,423.99	10,038.67	12,055.87

Source: compiled from www.ijbmi.org || Volume 7 Issue 7 Ver. II || July.2018 || PP—01-05 time 11.55 am



The above table and graph which depicts that, debit cards are used mostly for withdrawal of cash from ATMs and the debit cards usage at PoS is low. Its usage improved in 2016-17 due to shortage of cash. Debit cards have overtaken credit cards in India.

It is evident from the above table and graph that 67.8% are in the age group of 21-30 and remaining 32.2% of respondents fall in the age group of 31-40

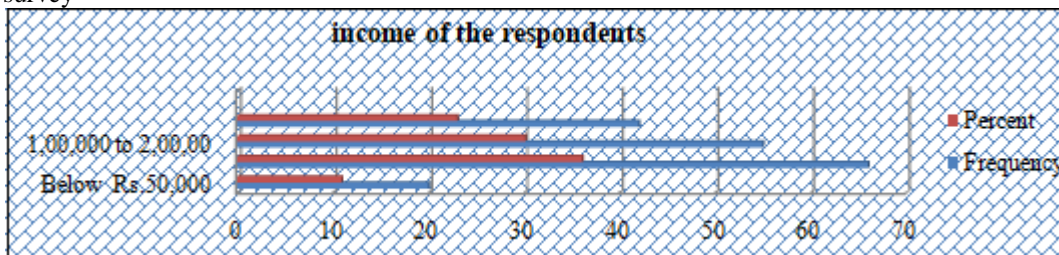
4. Results and Discussion

Age of the respondents				
Age in Years	Frequency	Percent	Valid Percent	Cumulative Percent
21-30	124	67.8	67.8	67.8
31-40	59	32.2	32.2	100.0
Total	183	100.0	100.0	

Source: filed survey

income of the respondents				
Income	Frequency	Percent	Valid Percent	Cumulative Percent
Below Rs.50,000	20	10.9	10.9	10.9
50,000 to 1,00,000	66	36.1	36.1	47.0
1,00,000 to 2,00,000	55	30.1	30.1	77.0
2,00,000 to 3,00,000	42	23.0	23.0	100.0
Total	183	100.0	100.0	

Source: filed survey



From the above table and graph it is clear that about 36.1 % of the respondents are having the their income as 50, 000-1, 00, 000 and secondly 30.1 % of the respondents are in the income group of 1, 00, 000 to 2, 00, 000 and 23 % of the respondents are having their income 2, 00, 000 to 3, 00, 000 as their yearly income.

Education Qualification of the respondents				
	Frequency	Percent	Valid Percent	Cumulative Percent
Primary	22	12.0	12.0	12.0
Secondary	50	27.3	27.3	39.3
Technical	67	36.6	36.6	76.0
Post Graduate	44	24.0	24.0	100.0
Total	183	100.0	100.0	

Source: filed survey

It is observed from the above table that about 36.6 % of the respondents are having technical education 24% percent of the respondents are Post Graduate.

Adoption of Technology by The Respondents				
	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	105	57.4	57.4	57.4
No	78	42.6	42.6	100.0
Total	183	100.0	100.0	

Source: filed survey

It is noticed from the above table that about 57.4 % are adopted to technology and remaining 42.6% are unknown to the technology

Usage of digital payments by the respondents				
	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	107	58.5	58.5	58.5
No	76	41.5	41.5	100.0
Total	183	100.0	100.0	

Source: filed survey

It is clear from the above table that usage of digital payments by the respondents that 58.5% are using the digital payment mode

Hypotheses Testing Using Chi-square Analysis:

	Age	Adoption of technology		Total
		Yes	No	
	21-30	80	44	124
	31-40	25	34	59
	Total	105	78	183

Source: filed survey

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8.015 ^a	1	.005

From the above table it is observed that $p < 0.05$, age plays an important role in the adoption of digital payments and proved that this is positively correlated with age.

H01: There is no significant impact of customers age on usage of digital payments.

Age and usage of Digital Payments

	Age	Usage of Digital Payments		Total
		yes	No	
	21-30	48	76	124
	31-40	59	0	59
	Total	107	76	183

Source: filed survey

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	61.846 ^a	1	.000
N of Valid Cases	183		

Source: filed survey

H02: There is no significant impact of customers income on usage of digital payments.

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	119.319 ^a	3	.000

Source: filed survey

From the above table it is observed that $p < 0.05$, hence the null hypothesis is rejected. Therefore the usage of digital payments does depends on income of the customers.

Income of the respondents and usage of digital payments

	Income in (Rs.)	Usage of digital payments		Total
		Yes	No	
	Below 50, 000	20	0	20
	50, 000 to 1, 00, 000	60	6	66
	1, 00, 000 to 2, 00, 00	0	55	55
	2, 00, 000 to 3, 00, 000	25	17	42
	Total	105	78	183

	Income	Usage of Technology		Total
		Yes	No	
	Below 50, 000	0	20	20
	50, 000 to 1, 00, 000	28	38	66
	1, 00, 000 to 2, 00, 00	37	18	55
	2, 00, 000 to 3, 00, 000	42	0	42
	Total	107	76	183

	Education	Adoption of Technology		Total
		Yes	No	
	Primary	22	0	22
	Secondary	50	0	50
	Technical	8	59	67
	Post Graduate	25	19	44
	Total	105	78	183

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	66.743 ^a	3	0
N of Valid Cases	183		

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	110.051 ^a	3	.000
N of Valid Cases	183		

H03: There is no significant impact of customer's education on usage of digital payments.

Education	Usage of Technology		Total
	yes	No	
Primary	0	22	22
Secondary	14	36	50
Technical	49	18	67
Post Graduate	44	0	44
Total	107	76	183

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	87.276 ^a	3	.000
N of Valid Cases	183		

From the above table it is observed that $p < 0.05$, Hence it proves that the usage of digital payments depends on customers education. More Educated people are expected to have more favourable attitudes towards adoption of innovations. Therefore the null hypothesis is rejected.

5. Findings of the study

- 1) It is found that 67.8% are the in the age group of 21-30 and remaining 32.2 % of respondents fall in the age group of 31-40 The payment system initiatives taken by the Govt. and RBI have resulted in greater acceptance and deeper Penetration of non-cash payment modes. For both young and middle age group.
- 2) it is noticed that about 36.1 % of the respondents are having the their income as 50, 000-1, 00, 000 and secondly 30.1 % of the respondents are in the income group of 1, 00, 000 to 2, 00, 000 and 23 % of the respondents are having their income 2, 00, 000 to 3, 00, 000 as their yearly income. Ever-improving technology and telecommunication facilities have given fillip to alternative electronic payment system is benefits to the all income group.
- 3) It is observed that 36.6 % of the respondents are having technical education 24% percent of the respondents are Post Graduate
- 4) Government's initiatives such as the introduction of GST, demonetization etc is likely to widen the tax net and enlarge the formal economy.

6. Suggestions

- 1) Government has to bring transparency and efficiency in e-payment system, strategies used by government and RBI to encourage cashless transactions by licensing payment banks, promoting mobile wallets.
- 2) As a part of Make in India" initiative by the government, RuPay cards, Aadhar based payment systems should be given preferential treatment. Government should withdraw service charge on cards and digital payments.
- 3) Measures to discourage use of cash, by introducing charges on withdrawal of money beyond a limit.
- 4) A financial literacy campaign should be conducted by government time to time to make population aware of benefits of electronic payments.

- 5) To improve financial inclusion, in addition to business correspondents, e-SevaKendras. Etc., may be allowed to make micro receipts and payment transaction using Aadhar authentication.
- 6) To accelerate the adoption of digital payments, women should be educated through campaigns. Financial literacy will lead to women empowerment. This will lead to digital and social revolution.
- 7) In schools and colleges basic banking skills may be imparted to the student that the young India could boost the benefit of digital India
- 8) Incentivizes all sections for increasingly adopting non-cash electronic modes of payment in lieu of cash. Schemes such as LuckyGrahakYojana and digidhanVyaparYojana have to be continued to encourage electronic modes of payment

7. Conclusion

However, the benefits of this move have now started trickling in with more and more people switching to digital modes of receiving and making payment. India is gradually transitioning from a cash-centric to cashless economy. Digital transactions are traceable, therefore easily taxable, leaving no room for the circulation of black money. The whole country is undergoing the process of modernization in money transactions, with e-payment services gaining unprecedented momentum. A large number of businesses, even street vendors, are now accepting electronic payments, prompting the people to learn to transact the cashless way at a faster pace than ever before.

References

- [1] Soman D (2003) The effect of payment transparency on consumption: quasiexperiments from the field. *Marketing Letters* 14: 173-183.
- [2] Srivastava J, Raghubir P (2008) Monopoly Money: the effect of payment coupling and form on spending behavior. *Journal of Experimental Psychology Applied* 14: 213-225.
- [3] Dewan SG, Chen LD (2005) Mobile payment adoption in the USA: a crossindustry, cross-platform solution. *Journal of Information Privacy and Security* 1: 4-28.
- [4] Liu S, Zhuo Y, Soman D, Zhao M (2012) The consumer implications of the use of electronic and mobile payment systems. *Rotman School of Management, University of Toronto.*
- [5] Rathore HS (2016) Adoption of Digital Wallet by Consumers. *BVIMSR's Journal of Management Research* 8: 69.
- [6] Padashetty S, Kishore KS (2013) An Empirical Study on Consumer Adoption of Mobile Payments in Bangalore City-A Case Study. *Researchers World* 4: 83.
- [7] Taheam K, Sharma R, Goswami S (2016) Drivers of Digital Wallet Usage: Implications for Leveraging Digital Marketing. *International Journal of Economic Research* 13: 175-186.
- [8] https://assets.kpmg.com/content/dam/kpmg/in/pdf/2017/04/Digital_payments_Analysing_the_cyber_landscape.pdf

- [9] IMAP report (2016) Payments Industry in India Q4 2016.<http://www.imap.com/Reports/Q4%202016%20Payments%20Industry%20in%20India.pdf>
- [10] Nunnally JC (1978) Psychometric theory (2nd ed.).McGraw-Hill, New York.
- [11] Agarwal, S., & Variyar, M.(2017).Budget 2017: Digital payments poised to be the new normal in 2017-ETtech.ETtech.com.Retrieved September 17, 2017, from
- [12] <http://tech.economictimes.indiatimes.com/news/technology/budget-2017-digitalpayments-poised-to-be-the-new-normal-in-2017/56926690>
- [13] Bhakta, P.(2017).Digital payments grew 57% in FY17-ETtech.ETtech.com.Retrieved
- [14] September 17, 2017, from
- [15] <http://tech.economictimes.indiatimes.com/news/internet/digital-payments-grew-57-in-fy17/58175334/files/100/58175334.html>
- [16] Bhakta, P., & Variyar, M.(2017).Digital economy to offer 5-7 million job opportunities:
- [17] Ravi Shankar Prasad | ETtech.ETtech.com. Retrieved September 17, 2017, from
- [18] BHIM (UPI) UPI excluding BHIM & USSD (UPI) NETC BBPSUSSD 2.0 (UPI)
- [19] Goriparthi, R.K., & Tiwari, P.(2017).Demonetization in India an Era for Digital Payments.
- [20] Splint International Journal of Professionals, 4 (1), 40.
- [21] Kumari, N., & Khanna, J.(2017).Cashless Payment: A Behaviourial Change To Economic
- [22] Growth. International Journal Of Scientific Research And Education, 5 (07).
- [23] Mishra, N.(2017).READINESS FOR PARADIGM SHIFT. International Journal of Public
- [24] Finance, Law & Taxation, 2 (1), 25-28.National Payments Corporation of India. Retrieved September 16, 2015, from
- [25] <http://www.npci.org.in/stats.aspx/files/95/stats.html>
- [26] Ravi, C.(2017).Digital payments system and rural India: A review of transaction to cashless economy.
- [27] Reserve Bank of India.(November 30, 2016).Retrieved September 15, 2017, from
- [28] <https://www.rbi.org.in/commonman/english/scripts/FAQs.aspx?Id=273>
- [29] Variyar, M.(2017).What Budget 2017 did not have for digital payments-ETtech.
- [30] ETtech.com. Retrieved September 2017, 2017, from
- [31] <http://tech.economictimes.indiatimes.com/news/internet/what-budget-2017-did-nothave-for-digital-payments/56917077>
- [32] <https://data.worldbank.org/indicator/SP.RUR.TOTL.ZS>
- [33] www.icommercecentral.com/open-access/the-electronic-banking-revolution-in-india.php?aid=59261
- [34] Internet and Mobile Association of India (IAMAI) and Kantar IMRB, "Internet in India 2017" Report.