



A STUDY ON THE IMPACT OF DIGITALISATION POST DEMONETISATION

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ABSTRACT Digital is inevitable as that is now a part and parcel of our lives. "Faceless, Paperless, Cashless" is one among the major objective of Digital India. Beginning with the Barter System which then paved way to currency notes, there is now a vision of the next level of change happening which will surpass the need for the use of physical cash. This study has been undertaken to find out whether people's outlook on preferring a cashless economy has changed post demonetization.

KEYWORDS : Demonetization, Cashless Economy, Digital payment modes, Digital India

1 INTRODUCTION

The scheme of digitalization started its peak due to the event of Demonetisation. Digital payment is a mode of payment by which both payer and payee use digital modes to send and receive money. The reason why cash has been a popular form of exchange for such a long time is because of the tangibility it provides to the entire idea of money. The world economy has always been changing evolving along with the growth of human minds. The switch to the digital economy has many benefits but the question remains, does the common man of India ready to accept the move from cash to cashless transactions. Though it may still seem to be a distant dream the wheels are already in motion.

1.1 STATEMENT OF PROBLEM

India has always been a nation adaptive to changes due to its developing economy. Demonetisation has triggered the financial technology revolution in the country. Digital illiteracy is a major hurdle against making India a cashless economy. The common man is still hesitant to use cashless modes of payment and prefers using liquid cash in his daily life. So we undertook the study to know whether attitude of a common man towards movement towards a cashless economy is positive and whether the usage of digital payments is in proportion to the awareness.

1.2 SCOPE OF THE STUDY

This study covers the present scenario of digitalisation in our country through available information and efforts have been made to evaluate the prospects of its future. The increased awareness and use of digital payments after demonetisation is also covered in this study. It is important to analyze whether this evolution proves to be a struggle to the common man or if he prefers to adapt to change rather than resist due to the growing scope of technology.

1.3 OBJECTIVES OF THE STUDY

- To study the effects of digitalisation post demonetisation.
- To analyse the awareness and opinion of people towards e-payment and to examine the approach of a rational man towards digital payments.
- To identify the problems faced by the public with regards to digitalization

1.4 RESEARCH METHODOLOGY

A) Methods used for collection

- Primary Data
- Secondary Data

B) Tools used for analysis

- Percentage Analysis
- Chi-square test

2. REVIEW OF LITERATURE

Roopali Batra and Neha Kalra¹ in their article "Are Digital Wallets

the New Currency?" focused their study on the daily usage of digital wallets and their awareness and their preferences regarding the online payment. It also studies the consumer perception towards its usage and its level of usage in today's world. It further identifies the barriers and challenges the adoption of the same. The study makes a valuable contribution to research in the area of finance, by exploring digital payment systems in India.

Dr. Ravi CS² in his paper "Digital payments system and rural India: A review of transaction to cashless economy" has studied the digital payment and cashless economy through Aadhaar pay in rural India and the problems and challenges of digital payment in rural India. It is now a matter of increasing awareness transact to rural India. The Niti Aayog panel on e-payments which is working to promote the use of digital payments systems in rural India.

Prof. Dr. R. Gokilavani³ in her study "Can India move towards digital sovereign currency? A study on the perception of consumers towards digital payments." highlights the attitude of different classes of people classified according to their socio-economic status, educational qualification and access to technology. Consumers opt for digital payments only when the payment modes are highly secured, convenient, user friendly, cost efficient, and protection of privacy.

3. PROFILE OF THE STUDY

3.1 EVOLUTION OF PAYMENT SYSTEM

Before the concept of money came in, the settlement was through exchange of goods and / or services and it was called the barter system. After the introduction of the concept of money, the sale and purchase of goods and services are being effected or settled by payment of money. In earlier days "Money" constituted precious metals such as gold and silver. Then came in the concept of paper money, the currency which became the norm as the money. With the development of information and communication technology, world over, different kinds of innovations evolved the system of payments and instruments used for making payment.

3.2 TYPES OF PAYMENTS

Since the event of demonetisation, the Indian economy has been riding on a digital wave. The digital payments are considered to be the pivot of Indian Economy. The event of demonetisation has been a guiding star to the ultimate destination of digitalisation. The several modes of payment include:

- Paper Modes
- Electronic Modes
- Mobile Wallets

3.3 BENEFITS OF GOING CASHLESS

- Cost and Risk Reduction
- Convenience
- Increase in tax base
- Discounts

3.4 HURDLES IN MAKING INDIA A CASHLESS ECONOMY

- Digital Illiteracy
- Informal Labour Market
- Threat of identity theft

4. ANALYSIS OF DATA

4.1 REASONS FOR PREFERENCE OF E-PAYMENTS

S.NO	REASONS	RANK
1.	Security	II
2.	Comfort	III
3.	Time Saving	I
4.	Cash Back and Discounts	V
5.	Track of Payments	IV
6.	Reduced Risk of Thefts	VI
7.	No Geographical Boundaries	VII

The highly preferred reasons for opting for digital payments are Time Saving & Security. The moderately preferred reasons for opting for digital payments are Comfort and Track of Payments. The respondents are neutral towards the options of Cash Back & Discounts & Reduced Risk of thefts. The least reason ranked by respondents are the lack of geographical boundaries.

4.1 PREFERRED MODE OF E-PAYMENTS

S.NO	TYPES OF E-PAYMENT MODES	NO.OF RESPONDENTS	PERCENTAGE
1.	PayTM	13	10.8
2.	Google Pay	21	17.5
3.	Phone Pe	5	4.2
4.	Through Banks (NEFT,IMPS)	25	20.8
5.	Debit/Credit Cards	56	46.7
	TOTAL	120	100

Majority of the respondents, about 46.7% prefer debit/card cards for e-payments rather than other banking facilities and mobile wallet applications while making payment online.

4.1 AGE GROUP & SECURITY (REASON FOR PREFERENCE)

TWO WAY TABLE

Age Group	Highly preferred	Moderately Preferred	Neutral	Not Preferred	Total
Less than 25	11	5	10	6	32
25-45	12	8	10	4	34
46-60	16	7	8	2	33
Above 60	16	3	1	1	21
	55	23	29	13	120

It is identified from the above table that with security being the highest level of preference the respondents have scored it 29% as highest among the age group of 45-60 and above 60 years and lowest 20% among the age group of less than 25. The moderate level of preference of security of the age group of respondents scored 35 % among the age group of respondents 25-45 and the lowest 13% among the age group above 60 .Neutral level of preference is highest 34% among less than 25 years of age group and 25-45 years of age and 4% above 60 years. Lowest level of preference is 46% in the age group of less than 25 years and 8% above 60 years.

Age Group & Security (Reason for Preference)

In order to find out the relationship between the age group of the respondents and the security as a reason for preference, Chi square test is used and the result of the test given below.

The age group of the respondents and security as a reason for preference were tested with the help of following hypothesis.

CHI-SQUARE TEST

FACTORS	CALCULATED VALUE	TABLE VALUE	DEGREE OF FREEDOM	SIGNIFICANT VALUE
AGE GROUP	14.760	16.919	9	5%

Since the calculated value is lesser than the table value, the result is significant at 5% level. Hence, the H1 hypothesis is accepted and it's

concluded that the age group of the respondents and security are dependent.

4.1 INCOME LEVEL AND PREFERRED MODE OF DIGITAL PAYMENTS

TWO WAY TABLE

Income Level	Debit/Credit Cards	Google pay	Pay TM	Phone Pe	Through Banks(NEFT,IMPS)	Total
Below Rs.2,00,000	9	9	2	5	3	28
Rs.2,00,000-Rs.5,00,000	11	7	3	0	11	32
Rs.5,00,000-Rs.10,00,000	17	3	3	0	5	28
More than Rs.10,00,000	19	2	5	0	6	32
	56	21	13	5	25	120

It is clear from the above table that, Debit/Credit cards are mainly used by the population having the income level of More than Rs. 10,00,000. Google Pay was preferred by the people having an income level of Below Rs.2,00,000. PayTM was preferred by the population having an income level of More than Rs. 10,00,000. Phone Pe was only preferred by people having an Income of Below Rs. 2,00,000. NEFT/IMPS was mainly preferred by people of the income level of Rs. 2,00,000-Rs. 5,00,000.

Income Level & Preferred Mode of E-Payment

In order to find out the relationship between the income level of the respondents and the preferred modes of Digital Payments, Chi square test is used and the result of the test given below.

The income level of the respondents and the preferred modes of Digital Payments were tested with the help of following hypothesis.

CHI-SQUARE TEST

FACTORS	CALCULATED VALUE	TABLE VALUE	DEGREE OF FREEDOM	SIGNIFICANT VALUE
INCOME LEVEL	21.026	35.414	12	5%

Since the calculated value is greater than the table value, the result is not significant at 5% level. Hence, the H0 hypothesis is rejected and it's concluded that the income level of the respondents and preferred mode of Digital Payments are independent.

4. FINDINGS OF THE STUDY

- Majority of the respondents say that demonetization is the reason for rise of Digitalisation in India
- Majority of the respondents opt for digital payments as it is time saving, secured and comfortable
- Majority of the respondents, about 46.7% prefer debit/card cards for e-payments
- The chi-square test shows the relationship between age group of respondents and Security as a reason for preference is significant at 5% level.
- The chi-square test shows the relationship between income level of the respondents and preferred mode of Digital Payments is not significant at 5% level

5. SUGGESTIONS

- Banks should take necessary steps to create awareness among people in rural areas about the benefits of E-Banking services available
- The State should also actively participate in the "DIGITAL INDIA" campaign and start providing digital literacy to the citizens.
- Consumers can change the passwords/PIN of debit or credit cards more often in order to secure themselves from identity thefts.
- Bank Charges imposed by the bank for E-Banking facilities should be reduced.

6. CONCLUSION

The initial amazement and uncertainty is experienced as the country moves towards a cashless environment after demonetization. Occurrence of changes in the economy and mode of payments have witnessed a drastic transformation during the previous 5 years, the

major reason being demonetization and encouragement to move towards cash less economy by introducing cash backs and discounts, simplified banking procedures. Though it will take time for moving towards a complete cashless economy, efforts and initiatives are now being made on a larger scale and on an intense basis than ever before. "The only limit to the realisation of tomorrow will be the doubts of today". The dream of cashless economy is achievable if the barriers are overcome by suggestive measures and means.

8. REFERENCES

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