



**ORIGINAL RESEARCH PAPER**

**Management**

**CONNECTING RURAL INDIA THROUGH INFORMATION TECHNOLOGY FOR DIGITAL TRANSACTIONS**

**KEY WORDS:** Rural household, Digitalization and Payment system

**Arunmozhi. M\***

Faculty, Bharathiar School of Management and Entrepreneur Development. Bharathiar University. \*Corresponding Author

**ABSTRACT**

India is a village nation and its growth is similar to that of rural people. The rural sector has low income, poor quality of life, and weak human resources. There are several places that need development in the rural sector to boost rural households' jobs and living conditions. This requires significant investment in education, highways, hospitals, energy, & IT. Empowering rural communities is critical to rural development. Aligning rural people to new technology's main stream is a major concern today. To achieve the much-needed equitable development, over a period of time, digitalizing the payment system can become an important tool. Economic growth can only be accomplished if both rural and urban industries expand concurrently. It is necessary, therefore, to recognize the vulnerabilities that drag the rural economy down so that those gaps can be eliminated to develop a better economic environment. E-banking is typically an evolution to traditional banking, using the internet as a platform of financial products and services. The study aims to create the connection between the new age payment system and its adoption by Rural customers.

**INTRODUCTION**

The government's aims to introduce IT-based payments to improve rural economy. Current infrastructure may not serve to satisfy the growing demand and complexity of the rural economy's problem. Facilities cannot be built unless the appropriate infrastructure is in place. On the other side, even if the infrastructure is built, the target segment needs to create awareness. This is a two-way method to evolve concurrently. The present study would like to illustrate the gaps the existing system has, as well as attempt to address the problems that can create barriers to the successful implementation of the digital economy with the aid of IT infrastructure. IT has a significant effect on rural people's lives. ATMs play a key role, shaping the banking chain. Besides ATM, online banking transfers have marginal transaction costs relative to physical cash payments where handling costs are too high Banks plan to broaden online banking facilities as a chosen payment type. Banks also use Mobile Internet kiosks in rural areas for such transactions. Digital India initiative introduced several projects concentrating on enabling Indian rural entrepreneurs.

**MAJOR EXISTING RESEARCHWORKS REVIEWED**

**International**

Malecki (2006) addressed digital revolution shortcomings in rural America. Much rural America still isn't fitted with the same. Backwardness is linked to human capital constraints. Because of income-generating incentives, the working population has moved from agricultural to metropolitan. The end result is economic downward growth Yang et.al (2005) saw small-community banks operational performance. Because of slow operations and productivity component, they could survive because of community understanding and needs. When business activities grew, numerous other players have joined their business territory It makes them think better value-added and customer-friendly products. E-Banking is a system that helps build these opportunities Newase et.al (2016) focuses on growing ICT value in rural village communities. It serves a dual function. On the one side, it helps bring new innovative products or services that can boost the standard of living for rural poor and, on the other, it can also create better income-generating prospects. The combined effect also lets government raise revenue. It's a reality that it can help individuals flourish in all ways. Therefore, it is necessary to generate ICT infrastructure to service customers with the aid of various financial items. Santiago Carbo-Valverde (2017) made a point of addressing the effect of digitalization on banking practices and threats to financial stability. Digitalization is an opportunity to reduce fixed costs and increase profitability of financial services.

**National**

Sheetal & Krishnamurthi (2017) conducted a study on whether rural India's cashless economy is fact or illusion. Arunangshu & Ipsita (2018) researched the effect of digitalization on Indian Rural Banking and Rural Economy, finding that digital banking has tremendous potential to change the financial inclusion landscape. User-friendly online banking could speed penetration of unbanked economy into mainstream. Hema & Suma (2018) concentrated on evaluating the rate of acceptance by customers of digital payment systems and found that the introduction of digital payment technologies increased the quality of the banking sector and was able to achieve motive cash less state. Anthony (2017) analyzed Indian Banking digitalization. Banks are not just part of our lives, but play an important role in our daily lives. Therefore, banks still try to adopt state-of-the-art technology to boost customer experience. Because of this digitalization, India's banking systems are experiencing many extraordinary shifts and hurdles. The study also found that in the digital age, development and technology and online banking cannot be stopped.

**IDENTIFICATION OF RESEARCH GAP**

The initiative to connect rural people to digital transactions through information technology is an enormous task. Digitalization should change the game in the 21st century. This is the system that allows any human to connect worldwide. Digital India is a digitally-impulsed community and knowledge-based economy system to transform India. Tamil Nadu has also started digitizing services in rural areas, like all other states. In this context, it was decided to assess digitalization status in respect of online transactions and to evaluate them to determine the deficiencies to recommend further development of the programme in Rural District. IT-based activities should be carried out to improve rural economies. The existing infrastructure may not be enough to satisfy the growing demand and complexity of the threat faced by the rural economy. The present work would like to illustrate the holes in the existing system as well as to try and address the issues that may impede the successful implementation by IT systems of the digital economy.

**FRAMEWORK AND METHODS PROPOSED FOR RESEARCH**

For the growth of rural areas, the mobilization of rural communities is necessary. It is a major concern today to get rural people into contact with the main stream of digital technology. Digitalizing the payment system can become an essential tool for achieving much required equitable development over a period of time. Economic growth can only be accomplished by concurrently expanding both rural and

urban industries. Therefore, it is important to recognize the holes that the rural economy is causing so that the gaps are removed so that the economic environment is strengthened. The research focuses on the following priorities on the basis of the above discussion:

- *Identify obstacles in introducing Information and Communication Technology (ICT) for rural poor communities*
- *Analyze steps towards a cashless economy in rural India?*
- *Gender-based and literacy-based understanding of government initiatives on cashless transactions.*
- *Include recommendations for developing a new rural economy*

#### **INNOVATIVENESS IN THE PROPOSED RESEARCH**

The research tries to understand rural new online transaction system. If a country transitions towards cashless economy, it certainly helps establish a transparent system. Future depends on ICT, and nobody can push further without technology. Lack of awareness is a rural issue. Unless and until end-users know this, IT cannot expand. Development is extremely slow, with many force forces forming obstacles. Despite these obstacles, this situation becomes more complex. This research seeks to see the policy effects of rural district from the village people's perceptions. Indian economy remains reliant on rural market. Some new benefits may not operate because rural people are unable to get the required benefits. As the new system evolves, new complications arise. Mobile or internet access may not be the only solution to the problem. The continuous improvement in the IT should be adopted by them.

#### **RESULTS**

The study results would be made as articles in variety of formats like qualitative research papers and the analytical research papers for foreign refereed journals, a strategic edition for a business review magazine, book chapter or book itself that integrates various aspects of the report. Following up this research, further expounding the same research in other parts of the state and country would be useful. The study becomes even more important because of the dynamic nature of the Internet, providing itself with developments in new forms and the difficulties and uncertainties of how users reconfigure its use and integrate it into their daily lives.

#### **IMPLICATION FOR POLICY MAKING**

Awareness is key to effectively introducing rural poor electronic payment facilities. Adequate numbers of training centers should be developed to help people get ideas about new age banking services. Such centers should be well fitted with all services applicable to any bank transaction. Centres should also be financial literacy centres. Combining those two items can help people get an overall idea of financial products and services. Confidentiality is a major issue to be treated cautiously. The rural people have low income and prefer to keep their wealth with them most of the time. Unless they have adequate knowledge about it, they will not accept a new program. Financial institutions must encourage the safety aspect of the agreement to hold in the account. Too much technological debate may not work as it may kill them. The promotion campaign should occur regularly, and there should be a professional who can resolve all the problems locally. Sufficient personnel should be prepared to address any complaints that may result from process technical failures. Access to financing is an important element for any business. Business can only be extended when banks or other financial institutions may access capital. But lengthy documentations drive them away. As a result, they often fall into the trap of rural money lenders. A special credit fund dedicated solely for rural people with clear paperwork is preferable. The system should be simple and straightforward. The electronic payment system can help the bank extend credit to rural customers. The facility will help banks monitor lenders and track the progress of their funded programs.

#### **STUDY IMPLICATION TO THE SOCIETY**

Digital transaction is one system for rural poor which they never use. Villagers do not have adequate exposure to normal banking services or often afraid of accessing the formal banking services. Affordability is a big issue for rural consumers. They are willing to purchase a valued product provided it is of use for them. The products which are available for the urban and metro consumers should not be superimposed. Access to internet provides them new age financial products and also opens up a new world. Consumer knowledge may improve with the help of internet facilities. Rural governance is an important issue which should be handled properly. Most of the time it is witnessed that rural poor are not getting adequate exposure to various government schemes. The village panchayats are also not well aware about all the facilities. They do not have adequate information about documentation procedures of the schemes. This gap is certainly going to create problem for the rural poor. If the system becomes transparent, surely it won't create any problem for them.

#### **References:**

1. Acharya, V.V., Khandwala, H., & Oncü, T. S. (2013). The growth of a shadow banking system in emerging markets: Evidence from India. *Journal of International Money and Finance*, 39(2), 207-230.
2. Bapat, D. (2012). Perceptions on banking service in rural India: An empirical study. *International Journal of rural management*, 2(12), 1-100.
3. Bonizzi, B. (2013). Financialization in developing and emerging countries: A survey. *International Journal of Political Economy*, 42(4), 83-107.
4. Chakravorti, B. (2016). Going cashless: Is India ready for digital? Retrieved from <https://www.weforum.org/agenda/F>. Cairncross, Company of the future - How the communications revolution is changing management. Boston. Harvard Business School Press, 2002.
5. Murelli, Elena, Delgrossi, Luca and Okot-Uma Rogers (Edt) *Breaking the Digital Divide: Implications for Developing Countries*, Commonwealth Publications, 2001.
6. Lisa J. Servon, *Bridging the Digital Divide: Technology, Community, and Public Policy*, Blackwell Publishers, 2002.