



DIGITAL INDIA AFTER DEMONETIZATION

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ABSTRACT

KEYWORDS:

Demonetization, Digital transactions, Economy, Mobile Banking, Black Money

A Sudden Change in number of digital transactions is a result of demonetization. The aim of making India digital is to make Indian Economy more transparent and speedy. It is a result of demonetization only which has changed the attitude of costumers towards digital transactions. Digital Transactions will help in curtailing Black Money from the market and maintaining a record of all transactions. The present study focuses on Change in Digital transactions after demonetization in India.

INTRODUCTION

Demonetization means issuing new currency in place of old ones. As on 8 November, 2016 PM Mr. Narendra Modi announces that 1000 and 500 notes will be no longer valid after midnight and new notes will be in circulation after 10 November 2016 with withdrawing limit. This action has been taken in order to remove black money, corruption and to bring transparency in transaction records. Further it will encourage the citizens of India to become cashless. India is a country which is too devoted to cash rather than digital. It is a country which accounts for less than 5% cashless transactions. A new revolution in digitalization is due to demonetization. Digitalization will make Indian Economy more transparent, speedy and further will be helpful in creating number of jobs.

REASONS FOR MAKING INDIA DIGITALIZED

- It will be helpful in curtailing black money from the market.
- It will reduce tax avoidance.
- It will make universal availability of banking services across the country.
- It will maintain transparency of all transactions.
- It will be helpful in controlling corruption as money will be transferred into the beneficiary's account.

OBJECTIVES OF THE STUDY

- To analyze the changes in digital transactions after demonetization.
- To study the importance of digital transactions.

RESEARCH METHODOLOGY

The present study is based on secondary data collected from the official website of Reserve Bank of India.

REVIEW OF LITERATURE

Fredrick (2017) the study reveals that demonetization has led in India towards cashless society, but this transition was found to be difficult especially among traders. The traders, whose annual turnover was high, found it difficult to adapt to cashless transactions when compared with traders whose annual turnovers was low. The study shows that overall traders found it easy to adapt to cashless transactions. This could be because of the positive attitude of traders who are basically entrepreneurs, willing to face any challenge that comes on their way and ability to adapt themselves to any situation for their survival and success.

Srinivas, N. (2006) in his study analyses the socio-economic profile of the credit cards defaulters. He has analyses the factors which contribute towards a reason for defaulters and measures to minimize them. The main suggestion to redesign the payment structure of credit cards defaulter in a flexible and affordable installment.

Shendage, Shelar & Kapase (2017) in their study concluded that now people are switching to digital modes of receiving and making payments. The whole country is undergoing the process of modernization in money transactions. A large number of businesses, even street vendors are now accepting electronic payments, promoting people to learn to transact the cashless way at a faster rate than ever before.

DIGITAL TRANSACTIONS IN INDIA

Year	RTGS	NEFT	CTS	UPI	DEBIT CARDS	Mobile Banking
Nov 2016	78479.2	8807.8	5419.2	0.9	352.4	1244.9
Dec2016	84096.5	11537.6	6811.9	7.0	522.2	1365.9
Jan 2017	77486.1	11355.1	6618.4	16.6	481.2	1206.7
Feb2017	74218.8	10877.9	5993.9	19.0	391.5	1080.0
March 2017	123375.8	16294.5	8062.8	23.9	416.2	1499.9
April 2017	88512.2	12156.2	6990.6	22.0	431.4	1443.8
May 2017	90170.5	12410.8	6745.9	27.7	450.8	1940.7
June 2017	92812.6	12694.2	6409.9	30.7	468.2	1584.7
July 2017	87149.3	12011.6	6342.5	33.8	439.3	1019.2
August 2017	89163.4	12500.4	6224.3	41.3	457.1	1033.1
Sept 2017	102348.1	14182.1	6271.5	52.9	478.2	1121.6
Oct 2017	92056.1	13851.3	6340.2	70.3	530.5	1168.2

Source: www.rbi.gov.in

Since demonetization there has been a significant change in the digital transactions across segments in last one year. Demonetization in India has caused a sudden spike in digital transactions. In order to meet the emergence need of cash after announcement of demonetization people rushed to alternatives sources to do transactions. However the users of these sources are temporary. The digital data shows that digital transactions have shown a tremendous growth after demonetization. The data shows that the total value of transactions via RTGs was 78479.2 in November 2016 which rose to 84096.5 in December 2017 but there was fluctuations in the value of transactions but after demonetization there is increased in number of RTGs transactions. The value of unified payment service(UPI) was 0.9 in November 2016 which rose to 70.3 in October 2017. Further, the value of transactions of debit card was 352.4 in November 2016 which rose to 530.5 on October 2017 but there is fluctuations in value of transactions. This shows that consumers are now more withdrawing from ATMs rather than debit cards. The value of transactions OF Mobile Banking is 1244.9 which declined to 1168.2 in October 2017. However after demonetization digital payment hasn't quite gathered steam. Some consumers are reverting back to cash after situation becoming normal.

SUGGESTIONS

In order to encourage digital transactions government should take following measures:

- Improved Connectivity
- Fraud prevention and digital structure should be secure and incidence of cyber crime could be minimized so that confidence can be developed among customers.
- Bank accounts should be opened and operationalised.
- Government should abolish fees on credit card transactions.
- Tax rebates should be given for doing digital transactions.

CONCLUSIONS

The study shows that after demonetization there has been change in digital transactions. Though it will take a time to move towards a complete digital India. The transparency in the economy will encourage digital transaction and will be helpful in increasing the credibility of the country and digitalization will create ripples of big success.

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