Digital Transaction in Semi-Urban Areas: Perception and Challenges

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ABSTRACT

India has experienced a substantial rise in the digitisation of payments over the last few years. Due to the lockout, a number of newcomers and internet users have embraced digital payments. Numerous e-commerce companies, shops, service providers, and utilities are promoting contactless services and online payments to lessen the risk of exposure from handling currency. With such background in mind, this study examines how effectively digital payments operate in semi-urban areas. The researcher used b oth primary and secondary sources to compile the data. An appropriate sampling method was used to collect data from 50 respondents. The survey finds a strong association between residents of semi-urban areas and those who use digital payments. Demonetization and the pandemic could signal a turning point for in terms of digital transactions, both metropolitan India and rural Bharat are experiencing a shift when online payments stop being only a safety net for individuals and start to become a way of life.

Keywords: Covid-19 Epidemic, demonetization, semi-urban Area, Digital transactions, onlinepayments.

INTRODUCTION OF THE STUDY

India has made significant efforts over the last 20 years to transform into a digital society. The Reserve Bank of India was a driving force behind the building of the technology infrastructure needed to support the development of a payment and settlement ecosystem in the early 1990s. The use of digital currency has unexpectedly increased since Mr. Narendra Modi, our country's prime minister, announced demonetization on November 8 in response to the pandemic (covid-19), but some people in semi-urban and rural areas still need to comprehend the significance of digital transactions. While many may think that India's digitalization is still only a faraway dream.

Therefore, this study aids in our understanding of why digital transactions are crucial and highly preferred, as well as how they significantly affect the nation's economy. Digital transactions are transactions that take place via digital or online modes, with no physical exchange of money involved. This means that both parties, the payer and the payee, use electronic mediums to exchange money.

The Government of India has been undertaking several measures to promote and encourage digital payments in the country. As part of the '**Digital India**' campaign, the government has an aim to create a 'digitally empowered' economy that is '**Faceless, Paperless, Cashless**'.

SCOPE OF THE STUDY:

- Provide access to financial payment services to every citizen along with ability to conduct card / digital transactions.
- Digitalize Government collections by equipping each collection point with a method to accept card/digital payments.
- Migrate payment transactions from cash dominated to non-cash through incentivization of card digital transactions and dis incentivization of cash-based transactions.
- Enhance acceptance infrastructure in the country to promote digital transactions.
- Encourage corporate, institutions and merchant, establishments to facilitate card / digital payments.

RATIONALE OF THE STUDY:

- To investigate the usefulness of digital transactions in semi-urban areas.
- To learn how often people in semi-urban areas use digital payments.
- To determine the advantages of digital transactions for semi-urban residents.
- Analyze the difficulties and barriers associated with using digital mode.
- Improve the ease of conducting card/digital transactions for an individual.

IMPLICATIONS

1. Improvement in credit access and financial inclusion, which will benefit the growth of SMEs in the medium/long run.

2. Reduce tax avoidance and money laundering thanks to the higher traceability of all thetransactions.

3. The increased use of credit cards will definitely reduce the amount of cash that people will carryand as a consequence, reduce the risk and the cost associated with that.

THEORITICAL FRAMEWORK:
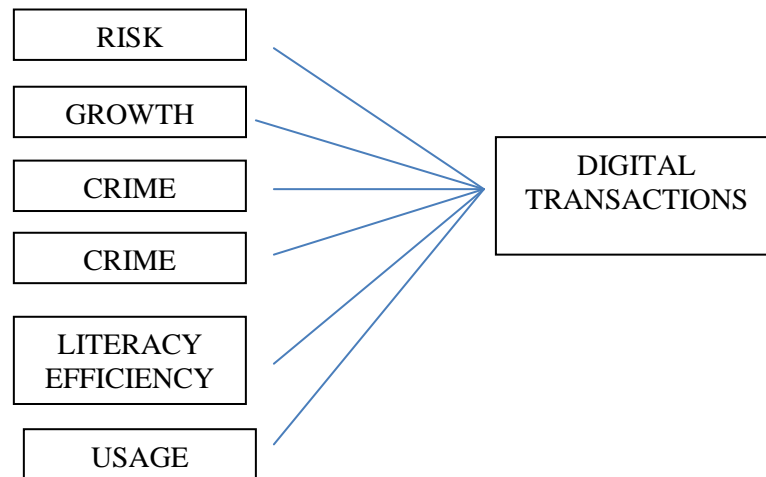
REVIEW OF LITERATURE:

Sury, M. M (2019) in their article "Digitization of tax administration in India". It is saidthat "Digitalisation of tax administration in India" had studied the significance of digitalization along with the concept of the digital economy. The study revealed that digitalization for tax administration support for cost reduction and better compliance in India.

Mukhopadhyay, D. & Mandal, A. K (2019) states in their report "Smartphone, internet and digitalization in India: An exploratory analysis" that they had conducted a study to investigate the changing face of the Indian smartphone market in the era of internet and digitalization being recently observed in the Indian consumer durable markets. It was found in the study that the global smartphone user rate had been growing rapidly and India becomes a second largest market.

Chowdhury, P. R. (2018) in their paper "Crypto-currency: A comparative study of top five digital currencies in India". He had carried out a study to draw a comparison among the top five cryptocurrencies available in India based on the market capitalisation rate. It was found that price fluctuation of each of the cryptocurrencies over the six months starting from October 2017 till march 2018 has revealed that prices of all cryptocurrencies have gone down in the month of march whereas In November and December have been the peak time for almost all cryptocurrencies.

Jhawar, N. & Kushwaha, V. S. (2018) in their studies "Citizens' view on digital initiatives and e-readiness: A case study for AADHAR project in Madhya Pradesh". A Case Study of AADHARProject in Madhya Pradesh" have analysed the factors contributing for the acceptance of technological backed services offered by the Government of India. It was concluded that citizen was found proactive to avail the e-services irrespective of their income level. In spite of Government training programs, individuals were worried about the security and safety issues of these automation systems.

Patil and Mishra (2017) both have studied in their paper "A study to find out advantages and disadvantages of making India a cashless economy". Mr.Patil and Mr. Mishra have concluded that India is lagging far behind many developed countries like Belgium, France, Canada, USA, UK, Saudi Arab, etc. in implementing cashless transactions.

Sahoo and Arora (2017) in their studies "From a cash economy to a less-cash economy". They concluded that achieving 100% cashless society will never be possible, but one can always start from a less-cash society and then move towards becoming mostly cashless. Though cash will still play an important role in discrete transactions, especially in the most remote areas and informal sector, even these transactions can be automated.

Ragaventhar (2016) in his paper "Cashless economy leads to knowledge economy through knowledge management.He has revealed that today there is a great challenge before the government in implementing the cashless economy because it deals with the economic status of aman.

Kumar (2015) in his studies "An analysis of growth pattern of cashless transaction system". Mr. Kumar has concluded that the cashless transaction system is reaching its growth day by day, as soon as the market becomes globalised and the growth of banking sector more and more the people moves from cash to cashless system.

Khurana (2015) in his article "Dream of cashless India: Benefits & challenges". He studies the benefits and challenges India might face if it becomes a cashless nation. It also helps in assessing the meaning of digital India and steps taken by the government towards achieving the dream of cashless India.

Emengini and Alio (2014) in their paper "Cashless economy and financial statement reporting in Nigeria". In their article, "Cashless economy and financial statement reporting in Nigeria", observed that being cashless is an

emerging trend prevailing in most modern economies in the world although that does not necessarily mean that one would be without cash at all.

RESEARCH OBJECTIVES:

1. To determine the difference in digital transaction utilization in semi-urban residents.

2. To investigate the demographic aspects that influence people's perceptions of digitaltransactions in sub- urban areas.

3. Determine the level of consumer satisfaction with digital transactions among semi-urbancustomers.

DATA ANALYSIS & INTERPRETATION:

The data for this study will be collected from primary sources such as surveys. The survey will be conducted among the residents of the selected semi-urban areas to understand their perception of digital transactions. The data was collected from the primary sources. The result of survey shown in the tables of analysis. The questionnaire designed on Digital Transactions in which 81 responses collected. The quantitative data from the survey will be analyzed using descriptive statistics and inferential statistics.

A) Demographic Analysis :

	Gender		
		number	percent
	male	44	45.7
	female	37	100.0
	total	81	
	Age	**Group**	
	18 - 23 years	56	69.1
	24 - 30 years	15	18.5
	31 - 40 years	2	2.5
	40 - 50 years	8	9.9
	Qualification level		
	Graduation	44	54.3
	Post - Graduation	18	22.2
	Secondaryschool	7	8.6

	12	Senior secondary school	14.8
	Total	81	100

Income Classification

		Frequency	Percent
	3,00,000 - 5,00,000	7	8.6
	5,00,000 - 10,00,000	1	1.2
	50,000 - 3,00,000	25	30.9
	Below 50,000	48	59.3
	Total	81	100

Source: Author CompilationFROM THE ABOVE TABLE:

a. Gender –

In the survey, there are 45.7% male respondents and 54.3% female respondents are found.

b. Age Group -

In the given table, 69.1% of respondents are 18-23 age group whereas 24-30 years respondents are18.5%. There are only 2.5% respondents found of age group 31-40 years and in the age group of 40-50 years; 9.9% respondents are found in total of 81 respondents.

c. Education Qualification -

The table 1. shows that; in the semi – urban areas the post – graduated respondents are 22.2% , graduated respondents are 54.3% , senior secondary passed out respondents are 14.8% and secondary school pass out respondents are only 8.6% .

d. Income Classification –

The people whose income is between 50k to 3lac which is 30.9% , then 8.6% of respondents income is in between of 3lac to 5lac and only 1.2% respondents are those whose income is between5lac to 10lac.

The table shows that; the people whose income is below 50k are the most (59.3%).

b) Correlation:

Table 2: **Correlations**

Control Variables			Risk	Growth	Crime	Literacy	Efficiency
Digital	Risk	Correlation	1.000	.414	.427	-.024	.329
		Significance (2-tailed)	.	.000	.000	.833	.003
		df	0	78	78	78	78
	Growth	Correlation	.414	1.000	.477	-.101	.241
		Significance (2-tailed)	.000	.	.000	.370	.031
		df	78	0	78	78	78
	Crime	Correlation	.427	.477	1.000	.196	.204
		Significance (2-tailed)	.000	.000	.	.081	.069
		df	78	78	0	78	78
	Literacy	Correlation	-.024	-.101	.196	1.000	.165
		Significance (2-tailed)	.833	.370	.081	.	.143
		df	78	78	78	0	78
	Efficiency	Correlation	.329	.241	.204	.165	1.000
		Significance (2-tailed)	.003	.031	.069	.143	.
		df	78	78	78	78	0
	Usage	Correlation	-.135	.271	.028	-.216	-.006
		Significance (2-tailed)	.231	.015	.805	.055	.959
		df	78	78	78	78	78

Source:
In the ta correlatedEfficienc : Author Compilation ble 2, the independent variables; Literacy (- .024) and Usage (- .135) are negativelywhereas the other variables like Risk (1.000) , Growth (. 414) , Crime (. 427) and
y (. 329) are positively correlated.

Correlations

Control Variables Usage

Digital	Risk	Correlation	-.135
		Significance (2-tailed)	.231
		df	78
	Growth	Correlation	.271
		Significance (2-tailed)	.015
		df	78
	Crime	Correlation	.028
		Significance (2-tailed)	.805
		df	78
	Literacy	Correlation	-.216
		Significance (2-tailed)	.055
		df	78
	Efficiency	Correlation	-.006
		Significance (2-tailed)	.959
	df		78
Usage	Correlation		1.000
	Significance (2-tailed)		.
	df		0

Source: Author Compilation (Correlation)

c) Regression:

Table 3 **Variables Entered/Removed[a]**

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	Usage, Efficiency, Crime, Literacy, Risk, Growth[b]	.	Enter

a. Dependent Variable: Digital transactions

b. All requested variables entered.

Model Summary

Model	R	R Square	AdjustedR Square	Std. Error of theEstimate	Change Statistics		
					R Square Change	F Change	df1
1	.339ᵃ	.115	.043	.93540	.115	1.598	6

Model Summary

	Change Statistics	
Model	df2	Sig. F Change
1	74	.160

a. Predictors: (Constant), Usage, Efficiency, Crime, Literacy, Risk, Growth

ANOVAᵃ

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.388	6	1.398	1.598	.160ᵇ
	Residual	64.748	74	.875		
	Total	73.136	80			

Source: Author Compilation (Anova)

a. Dependent Variable: Digital transaction

b. Predictors: (Constant), Usage, Efficiency, Crime, Literacy, Risk, Growth

Coefficientsᵃ

Unstandardized Coefficients				Standardized Coefficients			Collinearit yStatistics
Model		B	Std. Error	Beta	t	Sig.	Tolerance
1	(Constant)	15.877	1.585		10.015	.000	
	Risk	.358	.178	.277	2.010	.048	.628
	Growth	.302	.232	.186	1.303	.197	.587
	Crime	-.228	.232	-.133	-.982	.329	.654
	Literacy	.041	.077	.064	.539	.591	.842
	Efficiency	-.019	.147	-.016	-.133	.895	.832
	Usage	.012	.084	.017	.141	.888	.817

Source:
In the a Author Compilation(coefficient)
bove table, the SIG. shows the significance level of the data. If the p-value 0.05 for a

variable is less than the significance level, the data provide enough evidence to reject the null hypothesis for the entire population. The data favor the hypothesis that there *is* a non-zerocorrelation. Changes in the dependent variable (DIGITAL TRANSACTIONS) *are* associated with changes in the independent variable (RISK, GROWTH, CRIME, LITERACY, EFFICIENCY, USAGE) at the population level. This variable is statistically significant and probably a worthwhileaddition to your regression model. On the other hand, when a p value in regression is greater thanthe significance level, it indicates there is insufficient evidence in the sample.In the above table , the regression output shows that RISK variables are significant because its p-values is 0.048. On the other hand, GROWTH (. 197), CRIME (. 329), LITERACY (.591), EFFICIENCY (.895) and USAGE (. 888) are not significant because its p-value is greater than the usual significance level of 0.05.

	Coefficients	Collinearity Statistics
Model		VIF
1	(Constant)	
	Risk	1.592
	Growth	1.705
	Crime	1.530
	Literacy	1.188
	Efficiency	1.202
	Usage	1.224

Source: Author Compilation(coefficient)

a. Dependent Variable: Digital transaction

Coefficient Correlations

Model			Usage	Efficiency	Crime	Literacy	Risk	Growth
1	Correlations	Usage	1.000	-.038	-.015	.198	.281	-.318
		Efficiency	-.038	1.000	.025	-.200	-.261	-.122
		Crime	-.015	.025	1.000	-.279	-.266	-.364
		Literacy	.198	-.200	-.279	1.000	.152	.140
		Risk	.281	-.261	-.266	.152	1.000	-.313
		Growth	-.318	-.122	-.364	.140	-.313	1.000
	Covariances	Usage	.007	.000	.000	.001	.004	-.006
		Efficiency	.000	.021	.001	-.002	-.007	-.004
		Crime	.000	.001	.054	-.005	-.011	-.020
		Literacy	.001	-.002	-.005	.006	.002	.002
		Risk	.004	-.007	-.011	.002	.032	-.013
		Growth	-.006	-.004	-.020	.002	-.013	.054

Source: Author Compilation (Coefficient correlation)

a. Dependent Variable: Digital transaction

Collinearity Diagnostics

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions			
				(Constant)	Risk	Growth	Crime
1	1	6.696	1.000	.00	.00	.00	.00
	2	.109	7.845	.00	.20	.00	.00
	3	.093	8.477	.00	.23	.06	.03
	4	.051	11.493	.00	.37	.57	.01
	5	.037	13.469	.00	.09	.12	.84
	6	.012	23.782	.00	.02	.24	.10
	7	.003	48.415	.99	.08	.00	.02
Source: Author Compilation							

Collinearity Diagnostics

Variance Proportions

Model	Dimension	Literacy	Efficiency	Usage
1	1	.00	.00	.00
	2	.01	.34	.02
	3	.00	.58	.00
	4	.01	.04	.00
	5	.00	.01	.03
	6	.30	.02	.48
	7	.68	.01	.47
Source: Author Compilation				

CONCLUSION

From the above analysis it also appears that many people actually agree with the government on the usefulness of digital economy as it helps to fight against terrorism, corruption, moneylaundering but one biggest problem in the working of digital economy in India is cybercrime and illegal access to primary data. Therefore it's important to strengthen Internet Security from protection against online fraud. Large number of population is still below literacy rate living in rural areas.

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