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**Topic-**  
**Digital Payment system & Rural India**

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# Digital Payment system & Rural India

## Introduction:

The Indian economy is one of the emerging economy in the world. Currency circulation in our country is higher than comparisons to other country. Indian payment system is largely dominated by cash based transaction. Govt. taken the decision to demonetizing of high value notes (Rs.500 & Rs.1000) from 8th Nov.2016 and govt. promote the cashless transaction in the economy.

India is largely an agrarian based rural economy with a predominant unorganized sector and 65% of India's population living in rural area, but rural population is not fully equipped for cashless economy. The govt. hasn't provided enough for effective internet facilities. The rural generation is largely uneducated. They don't have required knowledge of digital payment system and could become easy target for cheating and manipulation.

## **Digital Payment system:**

Digital payment is a way of payment which is made through digital modes. In digital payments, both the parties use digital modes to send and receive money. It is also known as electronic payments. All the transactions in digital payments are completed with the help of an electronic network such as the internet.

## Modes of Digital Payment:

Today we have many choices with us regarding digital payments. They included internet banking, mobile wallets, credit or Debit card, UPI, AEPS, other apps, etc.



Banking Cards



USSD



AEPS



UPI



Mobile Wallet



Banks Pre-paid Cards



Point of Sale



Internet Banking



Mobile Banking



Micro ATMs

## **Advantages of digital payment system:**

- ❖ No need to carry bulk cash
- ❖ Transparency
- ❖ Easy tracking of Black money
- ❖ Increased tax revenue
- ❖ speed and satisfaction of operation for customers, no delays and queues, no interaction with bank staff required etc.

## **Problems And Challenges of Digital Payments In**

### **Rural India:**

- ❖ Currency dominated economy of Rural India.  
(Cash is still king)
- ❖ Mobile internet penetration remains weak in rural India.
- ❖ Digital cable is not covered to the whole of India.
- ❖ Insufficient basic infrastructure in rural areas.

- ❖ Most of the people living in rural areas are uneducated about modern India.
- ❖ Additional charges.
- ❖ Security concerns.
- ❖ Lack of effective complaints and redressal mechanisms.



## **Remedies:**

- ❖ Adequate regulations.
- ❖ Speedy refund mechanism.
- ❖ Awareness in redressal mechanism.
- ❖ No additional charges for making digital payments.
- ❖ Stable mobile network.
- ❖ More acceptance of credit and Debit cards.
- ❖ Awareness across masses.
- ❖ Availability of point of sale systems.
- ❖ Availability of strong digital eco system.

## **Conclusion:**

The digital payment system is reaching its growth day by day. We all Need to provide support a cashless society. Cashless transaction is a clear Message towards the good economic growth in the country. Government Should assure basic necessities in rural areas and focus on developing Infrastructure. financial literacy is a must for bringing more and more People to the digital platform.

Awareness programme should be conducted in rural areas about using the digital payment like smartphone based transactions, uses of Debit/credit cards at POS solution. Rural social infrastructure such as Youth clubs ,mahila mandals and Panchayati Raj Institution should be Energized for the propagation of digital rural economy.

A graphic featuring a vibrant blue background. In the center, a white ribbon-like shape is folded to create a 3D effect. The words "THANK" and "YOU!" are printed on the ribbon in a bold, orange, sans-serif font. The ribbon has a slight shadow on the blue background, giving it a sense of depth. The entire graphic is centered on a white rectangular card, which is pinned to a blue textured wall with two silver pushpins at the top corners.

**THANK  
YOU!**