

Digital Transaction and Economic Empowerment in India

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Abstract: *The Indian government has been long trying to enter the realms of a cashless economy and fully incorporate digital payments as a universally accepted mode of transaction, even in the rural pockets of the country. But it was only in the bleak times, hauled by the Covid-19 pandemic, that monetary digitalisation picked up the pace. It has emerged as a silver lining for the digital financial sector in India. To provide a digital push, specifically in rural India, the Ministry of Electronics and IT (MeitY) launched a scheme called “Digital Finance for Rural India: Creating Awareness and Access through Common Service Centres (CSCs)”. It aimed at setting CSCs as Digital Financial Hubs, by spreading awareness regarding government policies and digital finance options available for rural citizens. To thrust the project with the desired velocity, the government put in a liberal investment of ₹ 65.625 crores to popularise different digital financial services such as IMPS, UPI, Bank PoS machines etc.*

In this paper we will discuss that during covid times when World Economy is in turmoil how our Indian Government is trying hard to keep the pace by introducing digital transactions at every level, from urban to rural areas from big malls outlets to small vendors everybody is incorporating the digital payment option for the ease of money transaction for the masses which revolutionized digital transaction, thus making the idea of cashless and digital india much stronger and stable.

Keywords: *Digital Finance, Microeconomics, digital revolution*

1. Introduction

In recent years, economic transactions are carried out through electronic or online or cashless means all over the world especially in developed countries and developing countries like India. As a result of increased digital means of payment has brought down usage of cash transactions in the economy. Digital transactions have the features of speed, less cost, and comfort. A well functioning digital payment system has much relevance on overall economic activity, monetary policy, and financial stability of a country. This study tries to verify the impact of digital payments on the economic growth of India. The economic growth is measured through a proxy-real Gross Domestic Product. Digital payments are measured using Real Time Gross Settlement (RTGS), Clearing Corporation of India Ltd (CCIL) operated systems, paper clearing, retail electronic clearing, Card payments, and Prepaid Payment Instruments (PPIs). Data for digital payments and real GDP are collected from the year 2011 to 2019. Ordinary Least Square Regression, Auto-Regressive Distributed Lag (ADRL) co-integration approach and ARDL Bounds test are employed for the analysis. The study results reveal that digital payments impact economic growth significantly in the short run. But, digital payments don't impact economic growth in the long-run.

When the COVID-19 pandemic broke out earlier this year, much of the world moved online, accelerating a digital transformation that has been underway for decades. Children with at-home Internet access began attending class remotely; many employees started working from home; and numerous firms adopted digital business models to maintain operations and preserve some revenue flows. Meanwhile, mobile applications were developed to help “track and trace” the development of the pandemic; and researchers employed artificial intelligence (AI) to learn more about the virus and accelerate the search for a vaccine. Internet traffic in some

countries increased by up to 60% shortly after the outbreak (OECD, 2020a), underscoring the digital acceleration that the pandemic sparked. While these activities demonstrate the tremendous potential of the digital transformation, the pandemic has also accentuated the gaps that remain. Although some digital divides have narrowed fast in recent years, others have not followed the same pace, leaving some behind in the COVID-induced digital acceleration. Moreover, the increased reliance on digital solutions has added new urgency to concerns around privacy and digital security. This presents countries with a major challenge. It is unlikely that economies and societies will return to “pre-COVID” patterns; the crisis has vividly demonstrated the potential of digital technologies and some changes may now be too deep to reverse. Faced with a future where jobs, education, health, government services and even social interactions may be more dependent on digital technologies than ever before, failing to ensure widespread and trustworthy digital access and effective use risks deepening inequalities, and may hinder countries’ efforts to emerge stronger from the pandemic. The OECD Digital Economy Outlook 2020 (OECD, 2020b) highlights the growing importance of digital technologies and communications infrastructures in our daily lives, and reveals that governments are increasingly putting digital strategies at the centre of their policy agendas. As countries work to respond to and recover from the COVID-19 crisis, now is the moment to ensure an inclusive digital transformation, with coordinated and comprehensive strategies that build resilience and bridge digital divides for a post-COVID era.

The OECD Going Digital Integrated Policy Framework (Figure 4) (OECD, 2020h) provides a way forward. Oriented around seven building blocks – access, use, innovation, trust, jobs, society and market openness – the framework brings together the policies that governments must consider in order to shape a common digital future that improves lives and boosts economic growth and well-being. These pillars, and the indicators and policy guidance that underpin them, have become even more critical to policy decisions in light of the COVID-19 crisis. ● Access: With lockdowns and social distancing measures forcing many businesses and schools online, the COVID-19 crisis has reinforced the importance of communications infrastructures and services, as well as access to and robust governance of data. Addressing rural/urban divides in access to broadband and underserved socio-economic groups, upgrading networks to the next evolution of fixed and wireless broadband, and enhancing access to and the sharing of data can help spur economic and social benefits. ● Use: As more people and firms “go digital” following the COVID-19 crisis, governments must work to ensure that all workers are equipped with the skills necessary to succeed in the digital economy and must do more to enhance use across small- and medium-sized enterprises (SMEs). Individuals with a well-rounded skill set in terms of literacy, numeracy and problem solving in technology-rich

environment can be expected to use digital tools more efficiently, carry out more sophisticated activities online and better adapt to digital transformations. ● Innovation: As a fundamental driver of digital transformation, digital innovation gives rise to new goods and services, creates opportunities for new business models and markets, and can drive efficiencies in the public sector and beyond. Boosting entrepreneurship, enabling further digital transformation of scientific research and incentivising investment in research and development can support a robust response to and recovery from the crisis. ● Trust: Given the greater reliance on digital tools following COVID-19, further attention is needed for ensuring trust in the digital environment, notably with respect to digital security, but also for privacy, data and consumer protection. Coronavirus-related scams and phishing campaigns rose as the pandemic broke out, as malicious actors took advantage of the massive switch to online activity. Most OECD countries have adopted whole-of-government digital security strategies, yet these strategies often lack an autonomous budget, evaluation tools and metrics, and are not integrated with the overall national digital plans. ● Jobs: The digital transformation has already begun to change organisations and markets, raising profound questions around what the future of work will look like. The outlook has grown even more uncertain amid the pandemic, which has sparked an increase in teleworking across many firms and raised doubts about the future of some jobs. As policy makers grapple with the economic fallout of the crisis, and as automation continues to spread across economies, they will need to take a fresh look at labour market structures and regulations, while working to ensure that displaced workers are not left behind. ● Society: As people spend more time online during the pandemic – whether for work, school, or social

interaction – extra attention is needed to support their well-being. Governments should seize this opportunity to address the diverse range of social issues that the digital transformation raises, including questions around data-driven healthcare, disinformation and screen addiction, among many others. ● Market openness: The COVID-19 crisis has raised concerns around market consolidation, as start-ups and SMEs struggle to stay afloat, and as large technology companies exert growing influence over our digital lives. Governments need to consider the implications for business dynamics and inclusion as increasingly fewer companies mediate access to the online world.

2. Conclusions

Innovative technologies have brought new paradigms in the global business. One of the most disturbed areas of the business by innovative technologies such as Artificial Intelligence, Blockchain, Machine learning, and Cloud computing is payment and settlements. In fact, the financial services sector has confronted with dramatic technological advancement and as a result, this sector has grown remarkably. Researchers in the European Union, China, and other advanced countries have found that a wellfunctioning payment system brings a better financial system and boosts consumer confidence. On the other hand, inefficient payment system hinders the efficient transfer of funds and settlement among individuals and economic actors. But, there is a limited study in India on the efficiency of the payment system driven by technology on the financial system and economy. This study intends to bridge the gap. The present focuses on measuring and analyzing the impact of digital payments on economic growth. The study employed real GDP as a proxy of economic growth and used RTGS, CCIL operating system, paper clearing, card payments, retail electronic payments, and prepaid payment instruments to measure digital payments. The study applied ordinary least square regression, ARDL co-integration approach and ARDL Bounds Test to assess and analyze the impact of digital payments on economic growth in India. The study reveals that among the independent variables, retail electronic payment is the only variable that impacts the real GDP significantly and the other variables do not impact the real GDP significantly in the short-run. In the long run, retail electronic payments don't impact the GDP of India. Therefore, it is concluded that Digital payments at large and retail electronic payments don't contribute to the economic growth in India directly in the long-run.

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As a social worker always make efforts to empowering the girls student in society

Motivate them with training of self dependent & confidence

Also promote with the help of microfinance