

Impact of Demonetization on Cashless Payment System

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ABSTRACT

Demonetization is process of stripping a currency as legal tender of money. Government announces demonetization when there is a requirement in the change of currency. It introduced thrice in India. Latest announcement was made by PM Narendra Modi on 8th November 2016. The objective behind the move was black money, counterfeit currency, corruption, and cashless economy. Cashless payment system has its own advantages like it increases the transparency of the transaction, easy to use and available 24x7 for doing transaction. Government also encourages the general people to use cashless method of payment for doing transaction. Several new digital wallets had been introduced after demonetization; it has been observed that there was a considerable increase in cashless payment system post demonetization. Objectives of the research was to study the benefits and drawbacks of cashless payment system and to analyze the present status of the electronic payment system during post demonetization period. Secondary data has been used in the study to analyze the objectives of the research for this purpose data has been taken from website of NPCI, journals and books. After analyzing the objectives it has been found that the values of electronic payment systems like NEFT, RTGS , IMPS,CTS,NACH, UPI, USSD, POS, PPI, MOBILE BANKING was increased year by year during post demonetization period. Before demonetization the usage of the electronic payment system like UPI, Mobile banking, IMPS, POS is quite low due to security issues and lack of knowledge about the same, after demonetization in the absence of cash customers have no option left but to use the electronic modes for doing the transaction. That's the beginning of the adoption of electronic modes for doing transactions but still people have some security issues, government should take some measures to remove such issues. If government initiate the proper measures, People in future will fully adopt the electronic payment system.

Keywords: cashless payment, transparency, Digital wallets, Demonetization.

INTRODUCTION

Demonetization in India

Demonetization is a process of removing the currency from circulation, or withdrawal of currency as legal tender of money. 8th November 2016, PM Narendra Modi announced the demonetization of currency of high denomination i.e., withdrawal of 500 notes and Rs 1000 notes as legal tender of money which almost implemented immediately. People didn't got time to react. This was not the first the time when India announced demonetization, it occurred two times prior to 2016. Firstly, on 12th January 1946, at that time India banned high denomination notes of Rs1000. The motive behind the decision was black money and tax evasion. Secondly it was announced on 16th January 1978, the

decision taken under the prime minister Morarjee Desai, Rs 1,000 Rs 5,000 and Rs 10,000 notes were demonetized at that time. The objective behind the last demonetization in our country was black money, counterfeit currency, corruption, cashless economy. During demonetization it has been observed that the large no of people started using digital wallets and plastic money in the absence of cash and After demonetization there was a sharp increase in no. of online transaction. Use of plastic money, digital wallets and e- banking was also increased.

Cashless economy is concerned with use of electronic method of doing transaction, a move to create smart money user with the help of digital wallets. Adoption of cashless methods of payment depend upon a no. of factors like literacy, knowledge, and awareness of online transactions and digital wallets among customers. other countries adapt technological advancement and are developing at as faster rate, that shows the need of accepting the change for growth and improved standard of living. Cashless methods help in achievement of advancement, cashless system is very important for removing the problems associated with cash-based economy like corruption, dependency on cash, counterfeit money, robbery etc.

Government has taken several measures to facilitate the move to a digital economy. These were including:

- i) BHIM(Bharat Interface for Money) app launched by NPCI(National Payment Corporation of India) based on UPI(Unified Payment Interface) that enable users to make quick, simple and easy payments and facilitate e- banking facility directly through banks using UPI and encourage cashless transaction.
- ii) Aadhar Merchant Pay also launched by government.
- iii) Influence the people in regard to adoption of POS advice.
- iv) Merchant discount rate (fee) is also reduced by the government to encourage cashless trade.

LITERATURE REVIEW

Manpreet kaur 2017 conducted a research on “Demonetization – an impact on cashless payment system” stated that demonetization hits each and every sector, it also effects the liquidity side of the economy. According to researcher demonetization is a nice move towards cashless payment system. After demonetization many people started using cashless payment methods like usage of debit cards, creditcards, e- banking and other online payment systems. Cashless payment system has several advantages and it becomes the need of the present society. Author further stated that people of all sectors completely adapt the cashless payment system in future.

Prof. Dr. Rohan S Patel 2017 carried a research on “A way to cashless payment system in India” he stated in his research that in order to make India a Cashless economy RBI put a lot of efforts to limiting the use of cash and promote digital modes. Government also encourages customers to use the digital modes for payments and avoid cash for payments. After analysis he stated that government had taken action in the right direction and demonetization helps a lot in creating India a cashless economy.

Durga Dwivedi, Dr K.S. Patel 2018 conducted a research on “Cashless economy: An impact of demonetization in India” to convey general public about awareness about new facts and knowledge about cashless economy. Researchers describes the positive side and negative side of cashless economy. Researchers concluded the study by stating that on comparing the positive and negative side. The strength and opportunities of cashless economy is more as compare to negative aspects, so definitely cashless economy is boon, but it is very difficult for the poor people like beggar, wage earner and illiterate people to adopt the cashless system in the absence of awareness, knowledge and

inability to buy and operate smartphones. cashless payment cannot be frequently adapted by the people as it will take time to reach to the overall population of our country.

Nazia khan 2018 carried a research on “Importance of Cashless Banking in present economic scenario of Demonetization in India”stated that more than half of the population in India is engaged in agricultural activities and lives in villages and it is very difficult to reach technology and other infrastructure facility to provide e- delivery services. In 2008 RBI permit the banks to use V-set and other means to encourage e- banking facility in rural areas. He further stated that the main problem in adoption of the e-banking is security concern of the people in online transactions.

Mrs. Suman T D,Dr A C Kiran Kumar Ms. Kavya T K Ms. Vimala 2018 “A Study on Impact of Demonetization on E-Banking in India”researchers analyzed the role of e – banking services in pre and post demonetization period. They analyzed the growth, importance and implications of e- banking facility after demonetization. They further stated that demonetization leads to increase in the usage of e- banking facility , according to the authors e- banking is not only acceptable but preferred mode of banking in India in coming years.

OBJECTIVES OF THE STUDY

- i) To study the benefits and drawbacks of cashless payment system
- ii) To study the present status of electronic payment system during post demonetization period.

METHODOLOGY USED

The study is based on the Secondary data, Data is collected from internet, books , journals, newspapers and relevant websites in order to make study more useful. The research attempt to study the cashless payment system in India.

Benefits or Advantages of Cashless Payment

Benefits of cashless system

1. **Ease of doing transactions:** Cashless payment system make it convenient for people to make transactions. There is no need for people to standing in the queue in ATMs. for withdrawal. It helps people to keep a record of every transaction.
2. **Security of transactions:** Digital wallets are more secure than cash-based transactions. Online transactions are more transparent and secure with data authentication.
3. **Low crime rate:** cashless transaction removes the problems like robbery, corruption tax evasion as it maintains the record of each and every transaction.
4. **Speed of transaction:** Cash payment is time consuming for the customers as well as for the businessman. As compared cashless transaction or digital payments are very fast, and secure. That’s why nowadays most of the customers and every business man is preferred cashless payment.
5. **Maintain record of the transaction:** Using digital modes like UPI for doing payments enables one’s to maintain record and track expenditure. This will help people to file income tax returns. This makes easy for the people recall their expenses.
6. **Reducing the risk of transmission of disease:** There is no direct contact with other party in cashless transaction as payment can be done through digital wallets and plastic money, no physical exchange of cash takes place between people, which lowers the risk of transmission of disease.

Drawbacks of cashless system

1. **Increase in cyber-crime:** The risk of hacking the of the accounts and online fraud is one of the biggest drawbacks of cashless payments, although government introduced two factor authentication process but in the absence of addition layer of security. Transactions are more exposed to risk of online fraud.
2. **People with no technical knowledge:** cashless payment is quite useful for techno savvy people but the one who don't have any awareness or knowledge regarding digital payment system find it difficult to use.
3. **Risk of overspending:** Cashless method enable customers to make payment anytime, anywhere without any limitation of time as this facility available 24x7. Using actual cash is made a person realize the pain of losing money but through online modes customers doesn't realize the pain and find it difficult to control their expenses, resulting in overspending.

TABLE :1.1 Electronic Payment System Representative Data

| Electronic Payment Systems - Representative Data (Updated as on March 06, 2018) | | | | | | | | | | | | | | | | | | | | | | |
|---|--------|----------|--------|---------|--------|--------|--------|-------|--------|-------|--------|-------|----------------------|-------------------------|--|-------|------------------|-------|----------------|--------|--------|----------|
| Volume in million, Value in Rs. billion | | | | | | | | | | | | | | | | | | | | | | |
| Data for the period | RTGS | | NEFT | | CTS* | | IMPS* | | NACH* | | UPI* | | USSD** | | Debit and Credit Cards at POS ⁴ | | PPI ⁵ | | Mobile Banking | | Total | |
| | volume | value | volume | value | volume | value | volume | value | volume | value | volume | value | volume (in thousand) | value (in Rs. thousand) | volume | value | volume | value | volume | value | volume | value |
| Nov-16 | 7.9 | 78479.2 | 123.0 | 8807.8 | 87.1 | 5419.2 | 36.2 | 324.8 | 152.5 | 606.6 | 0.3 | 0.9 | 7.0 | 7302.6 | 205.5 | 352.4 | 59.0 | 13.2 | 72.3 | 1244.9 | 671.5 | 94004.2 |
| Dec-16 | 8.8 | 84096.5 | 166.3 | 11537.6 | 130.0 | 6811.9 | 52.8 | 431.9 | 198.7 | 626.8 | 2.0 | 7.0 | 102.2 | 103718.4 | 311.0 | 522.2 | 87.8 | 21.3 | 70.2 | 1365.9 | 957.5 | 104055.3 |
| Jan-17 | 9.3 | 77486.1 | 164.2 | 11355.1 | 118.5 | 6618.4 | 62.4 | 491.2 | 158.7 | 541.4 | 4.2 | 16.6 | 314.3 | 381760.2 | 265.5 | 481.2 | 87.3 | 21.0 | 64.9 | 1206.7 | 870.4 | 97011.4 |
| Feb-17 | 9.1 | 74218.8 | 148.2 | 10877.9 | 100.4 | 5993.9 | 59.7 | 482.2 | 150.5 | 592.0 | 4.2 | 19.0 | 224.8 | 357055.2 | 212.3 | 391.5 | 78.4 | 18.7 | 56.2 | 1080.0 | 763.0 | 92594.5 |
| Mar-17 | 12.5 | 123375.8 | 186.7 | 16294.5 | 119.2 | 8062.8 | 67.4 | 564.7 | 182.1 | 829.4 | 6.2 | 23.9 | 211.2 | 337962.4 | 229.7 | 416.2 | 90.0 | 21.5 | 60.8 | 1499.9 | 893.9 | 149589.1 |
| Apr-17 | 9.5 | 88512.2 | 143.2 | 12156.2 | 95.3 | 6990.6 | 65.1 | 562.1 | 212.6 | 905.2 | 6.9 | 22.0 | 188.9 | 301650.5 | 231.1 | 431.4 | 89.2 | 22.3 | 61.0 | 1443.8 | 853.1 | 109602.2 |
| May-17 | 10.4 | 90170.5 | 155.8 | 12410.8 | 97.1 | 6745.9 | 66.7 | 585.6 | 194.4 | 692.4 | 9.2 | 27.7 | 192.6 | 316723.7 | 233.4 | 450.8 | 91.3 | 25.3 | 64.9 | 1940.7 | 858.5 | 111109.3 |
| Jun-17 | 9.8 | 92812.6 | 152.3 | 12694.2 | 91.9 | 6409.9 | 65.8 | 596.5 | 197.3 | 708.6 | 10.2 | 30.7 | 198.9 | 313277.0 | 232.4 | 468.2 | 84.7 | 24.1 | 77.1 | 1584.7 | 844.7 | 113745.2 |
| Jul-17 | 9.4 | 87149.3 | 148.1 | 12011.6 | 92.2 | 6342.5 | 69.1 | 604.8 | 204.3 | 771.7 | 11.4 | 33.8 | 190.7 | 302097.8 | 237.6 | 439.3 | 88.7 | 25.1 | 69.5 | 1019.2 | 861.1 | 107378.4 |
| Aug-17 | 9.5 | 89163.4 | 151.6 | 12500.4 | 92.1 | 6224.3 | 75.7 | 651.5 | 205.2 | 752.4 | 16.6 | 41.3 | 191.8 | 294299.4 | 243.0 | 457.1 | 89.7 | 27.2 | 70.8 | 1033.0 | 883.4 | 109817.9 |
| Sep-17 | 9.6 | 102348.1 | 157.7 | 14182.1 | 92.2 | 6271.5 | 82.9 | 717.6 | 176.0 | 628.4 | 30.8 | 52.9 | 202.7 | 323578.5 | 240.3 | 478.2 | 87.5 | 27.6 | 86.3 | 1121.6 | 877.0 | 124706.8 |
| Oct-17 | 10.0 | 92056.1 | 158.8 | 13851.3 | 94.4 | 6340.2 | 88.1 | 750.4 | 187.0 | 900.5 | 76.8 | 70.3 | 184.6 | 299071.8 | 255.7 | 530.5 | 96.2 | 32.7 | 130.9 | 1168.7 | 967.3 | 114532.2 |
| Nov-17 | 10.8 | 98410.5 | 162.0 | 13884.0 | 96.3 | 6633.9 | 89.5 | 782.6 | 197.5 | 724.1 | 104.8 | 96.4 | 182.4 | 287309.6 | 244.6 | 483.3 | 92.8 | 32.0 | 122.8 | 848.4 | 998.5 | 121047.1 |
| Dec-17 | 10.9 | 100907.8 | 169.0 | 15779.2 | 94.6 | 6564.0 | 98.0 | 871.1 | 183.0 | 714.0 | 145.5 | 131.4 | 179.9 | 299367.3 | 263.9 | 528.7 | 99.1 | 35.1 | 113.3 | 921.5 | 1064.2 | 125531.5 |
| Jan-18 | 11.2 | 107488.4 | 170.2 | 15374.1 | 96.7 | 6792.6 | 99.6 | 882.1 | 208.1 | 727.7 | 151.7 | 155.4 | 172.8 | 290020.0 | 271.1 | 521.9 | 113.6 | 38.3 | 106.3 | 928.7 | 1122.3 | 131980.8 |
| Feb-18 | | | | | | | | | | | | | | | | | | | | | | |
| 1 | 0.5 | 4689.0 | 12.5 | 782.7 | 4.0 | 319.0 | 4.4 | 45.1 | 14.4 | 61.9 | 5.8 | 9.7 | 7.0 | 13220.0 | 8.6 | 15.5 | 4.2 | 1.5 | 5.4 | 52.9 | 54.4 | 5924.5 |
| 2 | 0.4 | 4918.6 | 7.9 | 697.0 | 3.8 | 295.9 | 4.1 | 40.4 | 9.8 | 23.4 | 5.8 | 9.3 | 6.3 | 12500.0 | 9.3 | 18.4 | 4.1 | 1.4 | 4.9 | 46.3 | 45.1 | 6004.5 |
| 3 | 0.4 | 993.2 | 6.8 | 377.5 | 4.0 | 272.0 | 3.7 | 35.1 | 9.4 | 20.5 | 6.6 | 8.2 | 6.3 | 11900.0 | 9.0 | 17.1 | 3.9 | 1.3 | 4.3 | 44.1 | 43.9 | 1724.8 |
| 4 | h | h | h | h | h | h | 2.9 | 20.7 | 0.0 | 0.0 | 5.7 | 5.7 | 5.4 | 10190.0 | 8.7 | 15.1 | 3.7 | 1.1 | 3.3 | 17.8 | 20.9 | 42.6 |
| 5 | 0.5 | 4515.5 | 8.5 | 634.3 | 4.1 | 281.3 | 4.3 | 40.0 | 14.8 | 79.9 | 7.3 | 8.4 | 6.2 | 11830.0 | 10.6 | 19.9 | 3.9 | 1.3 | 4.7 | 44.9 | 54.1 | 5580.6 |
| 6 | 0.5 | 4429.6 | 7.6 | 618.3 | 4.3 | 290.5 | 3.8 | 36.7 | 5.7 | 22.0 | 7.4 | 8.0 | 5.8 | 10850.0 | 8.6 | 16.7 | 4.0 | 1.4 | 4.2 | 42.2 | 41.9 | 5423.1 |
| 7 | 0.5 | 4231.0 | 8.3 | 653.6 | 4.2 | 290.7 | 3.7 | 35.3 | 11.5 | 42.0 | 5.5 | 7.6 | 6.1 | 11630.0 | 8.5 | 16.4 | 4.2 | 1.4 | 4.1 | 40.8 | 46.3 | 5278.0 |
| 8 | 0.5 | 4015.8 | 7.8 | 582.3 | 3.9 | 270.1 | 3.7 | 34.7 | 9.1 | 37.0 | 5.8 | 7.5 | 6.5 | 11970.0 | 8.7 | 17.6 | 4.1 | 1.4 | 4.0 | 38.1 | 43.6 | 4966.4 |
| 9 | 0.5 | 4619.1 | 8.0 | 693.5 | 4.0 | 278.8 | 3.7 | 35.4 | 5.4 | 18.4 | 6.3 | 7.9 | 6.8 | 12510.0 | 9.0 | 19.2 | 4.1 | 1.3 | 4.1 | 40.3 | 41.1 | 5673.5 |
| 10 | h | h | h | h | h | h | 3.5 | 28.3 | h | h | 5.2 | 6.0 | 5.5 | 10050.0 | 8.4 | 15.0 | 4.1 | 1.3 | 3.2 | 19.6 | 21.2 | 50.6 |
| 11 | h | h | h | h | h | h | 2.5 | 15.4 | h | h | 5.5 | 4.3 | 4.8 | 8250.0 | 8.7 | 15.1 | 3.7 | 1.1 | 2.5 | 11.6 | 20.4 | 35.9 |
| 12 | 0.6 | 4784.2 | 9.3 | 818.4 | 5.8 | 364.2 | 4.2 | 37.0 | 16.8 | 88.6 | 7.0 | 7.7 | 6.0 | 10350.0 | 11.2 | 21.1 | 4.1 | 1.3 | 4.3 | 43.1 | 59.0 | 6122.6 |
| 13 | 0.3 | 611.9 | 5.3 | 356.1 | 2.7 | 168.6 | 3.6 | 28.6 | 7.1 | 16.6 | 6.9 | 6.1 | 5.4 | 9430.0 | 8.1 | 15.0 | 4.1 | 1.2 | 3.5 | 28.5 | 38.0 | 1204.0 |
| 14 | 0.4 | 4503.9 | 5.8 | 566.4 | 4.6 | 299.2 | 3.7 | 32.6 | 5.1 | 36.2 | 6.7 | 6.7 | 5.5 | 9280.0 | 9.3 | 18.0 | 4.2 | 1.3 | 3.6 | 34.1 | 39.7 | 5464.2 |
| 15 | 0.5 | 4942.4 | 6.3 | 729.8 | 4.8 | 322.2 | 3.8 | 34.2 | 9.6 | 57.3 | 6.1 | 6.6 | 5.6 | 9410.0 | 8.7 | 16.9 | 4.3 | 1.4 | 3.4 | 37.3 | 44.3 | 6110.8 |
| 16 | 0.5 | 4959.9 | 6.5 | 716.9 | 4.3 | 297.4 | 3.6 | 31.6 | 5.4 | 21.7 | 6.9 | 6.8 | 5.6 | 9420.0 | 8.0 | 16.5 | 4.3 | 1.4 | 3.6 | 35.5 | 39.4 | 6052.2 |
| 17 | 0.4 | 974.2 | 5.2 | 389.0 | 3.7 | 258.5 | 3.2 | 27.7 | 6.3 | 26.0 | 5.2 | 6.1 | 5.3 | 8740.0 | 7.9 | 16.5 | 3.4 | 1.1 | 3.0 | 33.0 | 35.2 | 1699.1 |
| 18 | h | h | h | h | h | h | 2.4 | 14.5 | h | h | 4.8 | 4.1 | 4.4 | 7160.0 | 8.8 | 15.3 | 3.9 | 1.2 | 2.4 | 11.1 | 19.9 | 35.0 |
| 19 | 0.4 | 829.0 | 5.7 | 450.5 | 3.1 | 218.1 | 3.6 | 30.1 | 6.8 | 24.1 | 6.4 | 6.5 | 5.2 | 8620.0 | 9.9 | 17.7 | 4.1 | 1.4 | 3.8 | 33.6 | 40.1 | 1577.4 |
| 20 | 0.5 | 4925.2 | 6.3 | 756.5 | 4.4 | 306.4 | 3.5 | 31.9 | 8.3 | 29.6 | 6.3 | 6.7 | 5.4 | 8480.0 | 8.3 | 15.5 | 4.2 | 1.4 | 3.8 | 36.5 | 41.8 | 6073.2 |
| 21 | 0.5 | 4552.0 | 6.0 | 584.9 | 4.1 | 285.5 | 3.3 | 30.2 | 7.2 | 18.8 | 5.8 | 6.1 | 5.4 | 7650.0 | 7.6 | 14.6 | 4.2 | 1.3 | 3.4 | 34.2 | 38.7 | 5493.4 |
| 22 | 0.5 | 4747.7 | 5.7 | 659.3 | 3.9 | 272.5 | 3.2 | 29.3 | 7.4 | 27.0 | 6.1 | 6.4 | 5.2 | 7990.0 | 8.6 | 16.5 | 4.2 | 1.3 | 3.5 | 33.8 | 39.5 | 5760.0 |
| 23 | 0.5 | 5067.6 | 6.7 | 746.7 | 3.8 | 284.5 | 3.4 | 32.4 | 5.9 | 32.3 | 6.6 | 6.6 | 5.3 | 8030.0 | 8.4 | 15.9 | 4.2 | 1.3 | 3.6 | 36.9 | 39.5 | 6187.4 |
| 24 | h | h | h | h | h | h | 3.1 | 24.1 | h | h | 5.7 | 5.2 | 4.6 | 7330.0 | 7.5 | 11.6 | 4.1 | 1.2 | 2.9 | 17.0 | 20.5 | 42.0 |
| 25 | h | h | h | h | h | h | 2.3 | 13.1 | h | h | 4.3 | 3.7 | 4.1 | 6150.0 | 9.0 | 16.3 | 3.7 | 1.0 | 2.4 | 10.4 | 19.3 | 34.2 |
| 26 | 0.6 | 5450.0 | 8.2 | 946.7 | 5.6 | 398.7 | 3.8 | 34.8 | 12.4 | 59.1 | 6.5 | 6.9 | 5.2 | 7980.0 | 10.8 | 19.4 | 4.1 | 1.3 | 3.9 | 41.4 | 52.0 | 6917.0 |
| 27 | 0.6 | 5658.2 | 8.0 | 940.8 | 4.7 | 348.3 | 3.7 | 35.5 | 6.8 | 39.5 | 6.5 | 6.9 | 5.2 | 8410.0 | 7.6 | 14.3 | 4.0 | 1.3 | 3.6 | 40.0 | 41.9 | 7044.9 |
| 28 | 0.6 | 7347.5 | 13.1 | 1142.5 | 4.3 | 331.3 | 4.5 | 48.2 | 14.0 | 68.9 | 6.5 | 9.7 | 5.9 | 10930.0 | 9.3 | 18.7 | 4.1 | 1.3 | 3.4 | 39.9 | 56.3 | 8968.1 |
| Feb-2018 Total | 10.6 | 91765.6 | 165.6 | 14843.9 | 91.8 | 6453.6 | 99.2 | 882.7 | 199.1 | 850.9 | 171.2 | 191.0 | 156.1 | 270260.0 | 247.1 | 465.9 | 113.1 | 36.5 | 102.5 | 945.0 | 1098.0 | 115490.3 |
| Mar-18 | | | | | | | | | | | | | | | | | | | | | | |
| 1 | 0.4 | 5878.9 | 14.0 | 1031.9 | 3.7 | 290.3 | 4.6 | 46.9 | 8.3 | 56.1 | 6.3 | 10.8 | 6.8 | 12580.0 | 9.1 | 16.1 | 3.8 | 1.3 | 4.3 | 39.4 | 50.1 | 7332.5 |
| 2 | 0.1 | 283.5 | 3.6 | 198.2 | 1.0 | 84.3 | 2.6 | 26.0 | 6.9 | 18.5 | 6.2 | 7.1 | 4.3 | 7990.0 | 7.4 | 13.4 | 3.3 | 1.0 | 3.1 | 20.3 | 31.0 | 632.0 |
| 3 | 0.4 | 1008.5 | 5.8 | 356.7 | 3.9 | 265.3 | 3.5 | 33.4 | 3.0 | 12.1 | 5.4 | 8.1 | 5.7 | 10450.0 | 7.8 | 12.8 | 3.7 | 1.3 | 3.2 | 31.0 | 33.4 | 1698.0 |
| 4 | h | h | h | h | h | h | 2.9 | 21.3 | h | h | 4.9 | 6.2 | 5.3 | 9890.0 | 7.9 | 13.6 | 3.4 | 1.1 | 2.7 | 14.6 | 19.2 | 42.3 |

Note 1:

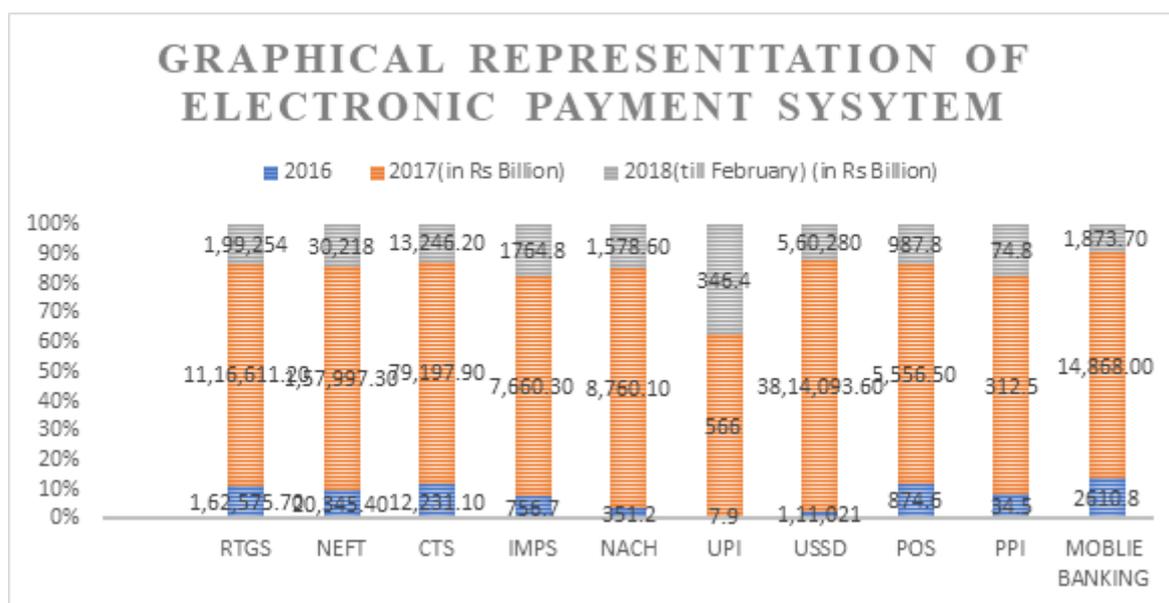
1. Data is provisional.
2. *: Source is NPCI.
3. **: Figures Negligible, Source is NPCI
4. &: Card transactions of four banks.
5. #: PPI issued by 8 issuers for goods and services

TABLE 1.2 YEAR WISE ELECTRONIC PAYMENT

| Electronic payment system | 2016(in Rs billion) | 2017(in Rs billion) | 2018(till February) (in Rs billion) |
|---------------------------|---------------------|---------------------|--|
| RTGS | 1,62,575.7 | 11,16,611.2 | 1,99,254 |
| NEFT | 20,345.4 | 1,57,997.3 | 30,218 |
| CTS | 12,231.1 | 79,197.9 | 13,246.2 |
| IMPS | 756.7 | 7,660.3 | 1764.8 |
| NACH | 351.2 | 8,760.1 | 1,578.6 |
| UPI | 7.9 | 566.0 | 346.4 |
| USSD | 1,11,021 | 38,14,093.6 | 5,60,280 |
| POS | 874.6 | 5,556.5 | 987.8 |
| PPI | 34.5 | 312.5 | 74.8 |
| MOBLIE BANKING | 2610.8 | 14,868.0 | 1,873.7 |
| TOTAL | 3,10,808.90 | 52,05,623.40 | 8,09,624. |

Data Source: NPCI

TABLE 1.3 GRAPHICAL REPRESENTATION OF ELECTRONIC PAYMENT SYSTEM



Data Source: NPCI

1. Above chart shows that the value of electronic payment system is increasing year by year.
2. The net value of various electronic payment modes i.e., RTGS, NEFT, CTS, IMPS, NACH, UPI, USSD, POS, PPI, MOBILE BANKING in 2016 is Rs 3,10,808.90 billion. This figure is representing the value of electronic payment system in post demonetization period (November-December 2016).
3. In 2016 the value of UPI transactions is quite less i.e., Rs 7.9 billion only, this value is increased in 2017 by Rs 566 billion. On 28th February 2018 the value of UPI transaction is Rs 346 billion in two months only. We can say that more and more customers of banks adopted the UPI mode after 2016 for doing transactions.

4. The net value of electronic payment system in December 2017 is Rs 52,05,623.40 billion as many people start using the electronic modes of payment after demonetization, this trend continues next year also.
5. The net value of electronic payment system on 28thFebruary 2018 is Rs 8,09,624billion, in just two months. Chart shows the increasing trend of the electronic payment modes in post demonetization period, this indicates that more people began to use the electronic payments modes for payment after demonetization.

CONCLUSION

Demonetization positively impacted the electronic payment system. Electronic modes are not new, but it gained momentum after demonetization although customers are aware about the RTGS, NEFT, debit cards, credit cards but the value of these transactions increased year by year after demonetization. Prior to demonetization the usage of electronic modes like UPI, Mobile Banking and POS, IMPS is very low as many people are not aware, proper knowledge was not there, customers also having security issues in these transactions. After demonetization the value of these transactions increased as customers don't have any option in the absence of cash so they have to adopt electronic modes for payments. People are now very much aware about the electronic modes and have knowledge of the same. But some people still have their security issues in these transactions. government should initiate the measures to resolve the issues and control cybercrime, spread awareness and provide knowledge about electronic modes among rural people. So that in future people can fully adopt the electronic modes for payment and helps in creating cashless economy.

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