

**Impact of Digital Economy on Developed India@2047****Suvarna K. Varadai**Faculty Member, Department of Commerce, JSS's STC Arts and  
Commerce College, Banhatti, Bagalkot.**DOI: <https://doi.org/10.5281/zenodo.17307123>****ABSTRACT:**

Digital Payments has paved way to another spectrum of banking by allowing the customers to conduct their day-to-day banking transactions for their convenience. The Digital payment systems in developing nations like India are growing rapidly due to the penetration of internet and mobile phones. Banking transactions scenario has changed rapidly from typical to convenience banking which offers enamours opportunity to move towards cashless and less cash society The present paper is to study recent trends in digital payments, benefits, opportunities, performance, challenges and hurdles of digital payments in India. The main purpose behind integrating banking services with technological innovations is absolutely convenience; the research paper will make detailed analyses the concept in general and examines in particular about the above stated objectives and finally to succeed the vision of Viksit Bharat@2047.

**KEYWORDS:**

Digital Payments, Viksit Bharat, Digital Economy, RTGS, ECS and Credit and Debit Cards

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**1. Introduction:**

India is a developing economy with focus on achieving sustainable development. To achieve the goal, it is important that all sections of the society get equal opportunity and participate in nation building. Lack of awareness of digital financial literacy, especially among the rural population is a major challenge in the country, more so in light of the Government's demonetization and plans to make India a cashless economy.

Digital Payments, one of the most growing arenas in technology and are the product of the modern age technology saviours. They are technically defined as any payments made using digital instruments. In digital payment, the payer and the payee, both use electronic modes to send and receive money. No hard cash is used. The GoI and Ministry of Electronics and Information Technology has been taking several measures to promote and encourage digital payments in the country. As part of the

‘Digital India’ campaign, the government wishes to make a ‘Viksit Bharat@2047’ through digital economy that is ‘Faceless, Paperless and Cashless’ services across the country, especially in rural and remote parts of India. Further envisages common e-Governance infrastructure that will offer end-to-end transactional experience for a citizen, businesses as well as internal government functions, which includes accessing various services and making payments and receipts through various types of electronic modes. These payments are made using payment instruments. Cash, for example, is a payment instrument. So are checks. However, Digital payments are not one instrument but rather an umbrella term applied to a range of different instruments used in different ways.

## **2. Objectives of the Study:**

- To study the recent trends in digital payments in India.
- To examine the benefits and opportunities of digital payments in India.
- To gauge the extent of performance of digital payments in India.
- To identify the challenges and hurdles of digital payments in India and finally,

## **3. Data Base and Research Methodology:**

The present study is a descriptive in nature. The data used for the study is secondary in nature and has been collected from official web site of Reserve Bank of India, Annual Reports of RBI. The other required secondary data was collected from different sources such as reference books, articles published in different national and international journals and newspapers, periodicals, conference paper, working paper, websites and others.

## **4. Result and Discussion:**

### **5.1 Recent Trends in Digital Payments in India:**

#### **I. Internet Banking:**

Different types of online financial transactions such as; National Electronic Fund Transfer (NEFT), Real Time Gross Settlement (RTGS), Electronic Clearing System (ECS) and Immediate Payment Service (IMPS).

#### **II. Payment Cards**

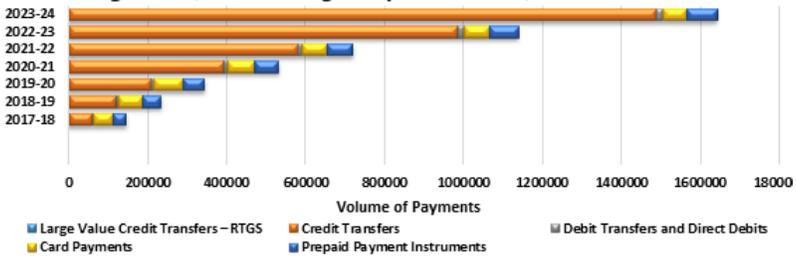
**III. Micro ATMs****IV. Unstructured Supplementary Service Data (USSD)****V. Aadhar Enabled Payment System (AEPS)****VI. Unified Payments Interface (UPI) and Mobile Wallets****VIII. Point of Sale (POS) and****IX. Mobile Banking****5.2 Benefits, Opportunities and Performance of Digital Payments in India:**

Digital Payments are set to benefits and also opportunities to the customers in a various types of ways mainly; Faster, Easier and More Convenient, Economical and Less Transaction Fee, Waivers, Discounts and Cash backs, Digital Record of Transactions, One Stop Solution for Paying Bills, Helps Keep Black Money under Control, Untapped Rural Markets Transparency and Security, Convenience and Accessibility and Women's Economic Participation Opportunities. Table No 1A and Fig No. 1A shows that the volume and value of digital payments of banking sector in India for the last three financial years i.e. from 2017-18 to 2019-20 by the customers while making transactions through various items of electronic modes. The digital payments through electronic modes including internet and smart banking techniques mainly credit transfers, debit transfers and direct debits, credit and debit cards and prepaid payment instruments. During 2017-18, the total volume of digital payments was 1,45,902 lakhs, it includes mainly 40.30 percent by credit transfers excluding RTGS, 32.55 percent by credit and debit cards, 23.71 percent by prepaid payment instruments, about 2.60 percent by debit transfers and direct debits and only a 0.85 percent by credit transfers including RTGS. In 2023-24, the total volume of digital payments are 16,44,302 lakhs, and registered a growth of 1027 percent compare with the volume of payments in 2017-18. This volume of payments contains 90.38 percent largely by credit transfers excluding RTGS, 4.79 percent by prepaid payment instruments, 3.56 percent by credit and debit cards, 1.11 percent by debit transfers and direct debits and just a 0.16 percent by credit transfers including RTGS.

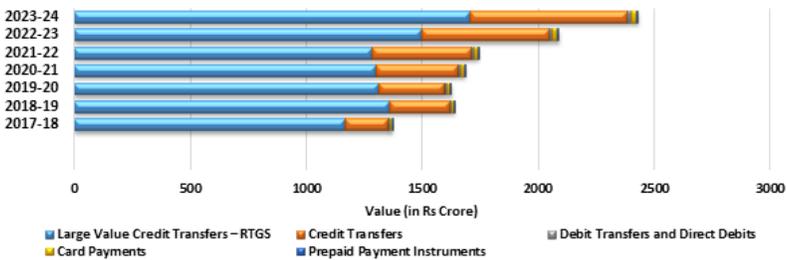
Table No 1B and Fig No. 2B also reveals that the value of digital payments of banking sector in India for the last seven financial years i.e. from 2017-18 to 2023-24 through various items of electronic modes. In terms of value of digital payments, the total value of digital payments are

2428.20 lakh crore in 2023–24 registered a growth of 77.26 percent compare with the value of payments in 2017–18. The large value credit transfers through RTGS dominated the overall digital payments system, accounting for 80.81 per cent and followed by credit transfers excluding RTGS (17.60 percent) of the total value of digital payments. Whereas in 2017–18, the total value of digital payments was 1369.87 lakh crore, it includes mainly 85.20 percent by large value credit transfers through RTGS, 13.73 percent by credit transfers excluding RTGS, 0.67 percent by credit and debit cards, about 0.29 percent by debittransfers and direct debits and 0.10 percent by prepaid payment instruments. In case of debit and credit card payments, the value of change of debit and credit card transactions registered a growth of 97.18percent during this study period. The social distancing requirements during the pandemic led to the digital mode of transactions being preferred over cash, although the value and volume of the former were somewhat discouraged on account of the go-slow in economic activity ahead of the outbreak. The path of growth in Unified Payments Interface (UPI) based transactions as well as overall retail digital transactions have been impressive both in value and volume terms.

**Fig. No. 1A; Volume of Digital Payments in India; 2017-18 to 2023-24**



**Fig. No. 1B; Values of Digital Payments in India; 2017-18 to 2023-24**



#### **5.4 Findings of the Study:**

Ever-improving technology and telecommunication facilities have given fillip to alternative electronic payment system. Cheque as a mode of payment has lost its relevance and will remain at least in the medium term. The payment system initiatives taken by the Government of India and RBI have resulted in greater acceptance and deeper penetration of non-cash payment modes by the customers. Government's initiatives such as the introduction of GST, demonetization etc., is likely to widen the tax net and enlarge the formal economy. Despite of Government initiatives consumers are yet to warm up to digital payments in a big way. Many Consumers still don't use digital payments because of lack of trust, friction etc., of losing money.

#### **7. Conclusions:**

The demonetization resulted in tremendous growth in digital payments. With the initiative of Digital India and increased use of mobile and internet are means to exponential growth in use of digital payment. This transformation towards digital payments benefits in more transparency in transactions which empowers the country's economy. In recent days many changes took place in the payment system for smooth shift to digital payments and then automatically it leads to Viksit Bharat@2047. Cashless economy will help in curbing black money, counterfeit's fake currency, fighting against terrorism, reduce cash related robbery, helps in improving economic growth of our country.

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**Conflict of interest:**

The Authors have no conflict of interest to declare that they are relevant to the content of this article.

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