

DIGITAL PAYMENTS IN THE WAKE OF DEMONETIZATION: A CASE STUDY OF JAMMU CITY IN JAMMU AND KASHMIR

Abstract: Digitalization is a need of an hour and alienation of which implies huge social and economic cost in several ways. Digitalization in its simplest and stickiest sense is the integration and application of information and communication technologies (ICT) in the socio-economic issues and problem. As in the today's world every country of the world is getting digitalize, following this honorable PM. Narinder Modi has also launched the initiative of Digital India Programme with an aim to promote digitalization and transform India into a digitally empowered society and knowledge economy" "faceless, paperless, cashless' is one of professed role of Digital India. Digital India is one of the steps by the government to motivate and connect Indian Economy to a knowledge savvy world. As digitalization in its self a very wide field and because of the lot of work done in this field the present paper deals exclusively with only one of the aspect of digitalization i.e. Access to the Digital Services and their Utilization for Making Payments: A Case Study of Roopnagar Area of Jammu City of J&K state. Generally the economic cost of a cash economy is very high than the cashless economy. Besides eliminating the currency cost, digitalization also produces numerous positive externalities like employment generation, storage of rare and fragile materials, ensures anywhere and anytime access to the various facilities etc. The present paper tries to analyze the status of accessibility to the digital services and if they are available than whether the people are utilizing them for making payments.

Keywords: Digital Payments, Internet Facility, Demonetization, Socio-economic Background, Externalities.

1. Introduction

Digitalized information is usually made up of binary digits and can be processed by computers. The computer decodes the digits and generates information that is human-readable. At present every individual in this world is making use of digital services in one or the other form. Basically today we all are digital/ICT dependent people and if someone is away from these digital services than they are definitely lagging behind those who have access in term of both knowledge and money. As digitalization has various social, political, cultural and economic, so it seems fruitful to through light on the digital economy.

1.1 Digital Economy: The digital economy is an international network of economic activities governed by the information and communications technologies (ICT). In simple words Digital economy can be defined simply as an economy based on digital technologies. Digital economy makes the uses of the information and communication technologies (ICT) for its various processes such as planning, management, and marketing. Many a time's digital economy is called the internet economy, the new economy or the web economy. The enablers of Digital Economy are technology infrastructure which includes hardware and software's, E-commerce and E-business.

1.2 Digital Economy in India: As now a day, the world economy is getting transformed into the digital economy by developing the digital infrastructure and by promoting the digital education. To catch up the world Indian government has also been taking various initiatives to make its economy a well-developed digital economy. Keeping in mind the high potential of digital economy it is expected that the

Digital Economy is going to generate new market growth opportunities, new methods of production, new jobs opportunities which is a primary objective of fiscal policy & monetary policy of TWCs and becomes the biggest opportunity of mankind in the next 30 to 40 years. As predicted by Goldman Sachs that India- which is the second most populated country of the world accounting for 15% of the world population, with a growth rate of 7 to 8% and the fastest growing economy of the world during the 2nd and 3rd quarter of the FY 2016, could be the second largest economy by 2030. Thus with this aim of strengthening the processes of digitalization and extending it to every sector of the economy the GOI has given its emphasis on programs like —Digital India as a testimony to this fact.

1.3 Digital India: The major aim behind the launch of Digital India campaign is to boost the E-governance initiatives in India and National e-Governance Plan (2006) which was earlier taken for wider sectoral applications with emphasis on citizen-centric services. After the e-governance initiative of mid-1990s by the center government, many States/UTs started various e-Governance projects. Government of India launched National e-Governance Plan (NeGP) in 2006. 31 Mission Mode Projects covering various domains were initiated. Although both the programme were implemented successfully across the country, but e-Governance as a whole has not been able to make the desired impact and fulfill all its objectives. Thus in order to restructure and improve the entire ecosystem of delivery of public services through the use of information technology and to ensure the inclusive growth in term of access to the electronic services, the Government of India has launched the Digital India programme on 1 July 2015 under the chairmanship of Prime Minister Narinder Modi with the vision to transform India into a digitally empowered society and knowledge economy. The major vision area of Digital India programme are- Digital infrastructure as a core utility to every citizen, Governance and services on Demand, and Digital empowerment of citizens.

1.4 Pillars of Digital India: Digital India is a multi-dimensional programme that covers different Government Ministries and Departments. It is a mixture of different ideas and thoughts that are weaved together into a single, comprehensive vision so that each of them can be implemented as part of a longer goal. Digital India is to be implemented by the entire Government with overall coordination being done by the Department of Electronics and Information Technology (DeitY). Digital India aims to provide the much needed thrust to the nine pillars of growth areas, namely

- ✚ Broadband Highways,
- ✚ Universal Access to Mobile Connectivity,
- ✚ Public Internet Access Programme,
- ✚ E-Governance: Reforming Government through Technology,
- ✚ E-Kranti - Electronic Delivery of Services,
- ✚ Information for All,
- ✚ Electronics Manufacturing,
- ✚ IT for Jobs and
- ✚ Early Harvest Programmes.

1.5 Implementation Approach: - For the realization of the targets and the objectives set under the programme the time constraints were set. Most of the targets are supposed to be completed within the period of three years. The priority sector of the programme is the —Early Harvest Programmes and —Information to all. Economic efficiency of the project was also to be taken in consideration by the planner of the programme.

1.6 Need for Digitalization: - The basic idea of digitization is to make full use of ICT facilities for accessing worldwide resources and benefits for society at the same time. As going digital is the need of the hour, to remain environment healthy and safe. Various Organizations are involved in digitizing their material because they remain influenced of the enduring value of such resources for learning. Digitization also raises the reputation of the institutions as global users can know the institutional collection and utilize these resources from distant locations. The main reasons to digitize are to enhance access and improve preservation. By digitizing their collection, institutions can make information accessible that was previously only available to a selected group of users. Digitization can also help to preserve materials making high-quality digital images available electronically and may reduce wear and tear on brittle and fragile documents.

1.7 Benefits of Digitalization: - Developing a digital substitute of rare, brittle or fragile original documents can provide access to users while preventing the original from damage by handling or display. This is the motivation behind the digitization of many artifacts. Following are the certain benefits of digitization.

- ✚ The documents can be viewed from anywhere, at any time of the day
- ✚ The documents can be printed directly from the web
- ✚ Users can find what they are looking for promptly and independently
- ✚ It can save staff reference time by answering frequently asked questions on the web
- ✚ It can enhance images electronically so that they can be viewed with greater legibility
- ✚ It increases use of collections and facilitates learning and scholarship
- ✚ The documents do not have to be re-shelved or located by staff
- ✚ The documents are not handled frequently which lessen wear and tear

1.8 Economic Impact of Digitalization: - The development of Information and Communication Technology introduce the concept of digitization. With the process of digitization, it become possible to produced, processed, communicated and preserved knowledge digitally to an ever greater amount. The economy related to the process of digitization is mainly realized through the ways that involves in creation, preservation, dissemination and use of digital information. No doubt the process of digitalization is expensive in its early stage but its inexpensive impact can be realized in later stages in terms of increasing returns, zero marginal cost and long-term usage of digitized content by the larger community. Digitization provides long-term benefits for the society, although it may take many years to realize these benefits fully. The accessibility of digitalized information through electronic sources, such as e- journals, consortium, online databases and other like resources save much cost than that spent in subscribing print sources. The cost of purchasing the information online, in spite of buying it in print form is saving much of the expenditure. As the cost related to buying the print sources include storing, shelving, as well as the costs related to the physical storage of the content, which are the direct cost to the organizations. The shift to purchasing electronic content has reduced the cost of maintaining the physical materials, although has somewhat increase in cost of preserving the content. The factors related to adoption and usage of digital technology, such as pricing, reliability, speed, and ease of use determine the level of digitization, which in turn has a proven impact on reducing unemployment, improving quality of life, and boosting citizens, access to public services. Digitization allows governments to operate with greater transparency and efficiency, and it has a dramatic effect on economic growth, but

not all at once. The introduction and advancement in Information and Communication Technology has a greater impact on employment, as it creates more jobs in the IT sector, which may be related to software development, Outsourcing, hardware manufacturing and other IT related businesses. In addition, the impact of these technologies has been realized on other service sectors, like in trade, industry, financial and health care services

1.9 Social Impact of Digitalization: - Besides the economic advantages digitalization has also smoothens the social life of the mankind. One of the most interesting and important factors related to digitization is the link to overall societal welfare. Digitization, as a social process, enables the institutions to generate, cooperate and create larger for the benefits and progress of the society through digital communications and applications. The process of digitization involves the mass digitization of books and older & rare materials. For the purpose of preserving the knowledge contents for future generations or making them available to a much wider community than could ever access the physical objects, many of the institutions (libraries and cultural archives) have started digitization initiatives to provide access to the history of societies, countries, cultures and languages.

1.10 Digital Literacy and Digitalization in India: According to the _Household Survey on India's Citizen Environment and Consumer Economy (ICE 360 Survey) conducted in 2016 88% of the households in India today have a mobile phone which accounts for 243 million users. After U.S and China, India is the third largest internet user of the world. By digital literacy we mean that how much people are aware about digital system like internet usage, online payments, digital storage etc. Here in the present study the focus is exclusively on access to digital services and their utilization for making payments which mainly takes into consideration the cashless aspect of digital literacy that how much people in India are aware about digital payments and what is the scenario of digital payments in India. India is an economy with high dependence on cash. About 97% of retail transactions happen through cash. In terms of value of transaction, 78% of the consumer transaction is through cash and 22% through digital mode. As per the World Bank data, in the past one year, only 11% people used debit cards for payments in India. Only 6% traders accept electronic payments in India. In India only 3% transactions happens through cashless mode. In some developed countries about 90% of the transaction happens through cashless mode like Belgium (93%), France (92%), Canada (90%), Sweden (97%) and the U.K. (89%). In these entire countries debit card is the most digital payment instrument used for making payments. In India, the ratio of cash to gross domestic product is 12.42% in GDP, which is one of the highest in the world. It was 9.47% in China or 4% in Brazil. Further, the number of the currency notes in circulation is also far higher than in other large economies. India has the highest Currency-GDP ratio among BRICS nations.

1.11 Digital Payments: Since, we are living in 21st century where digitalization is on its peak. Out of the various aspects of digitalization, a digital payment is also a one of them. Digital payment is a way of payment which is made through digital modes. In digital payments, payer and payee both use digital modes to send and receive money. It is also called electronic payments. No hard cash is involved in the digital payments. All the transactions in digital payments are completed online. It is an instant and convenient way to make payments. In case of cash payments first of all one has to go in the bank for withdrawing the money from his account, than he exchange it for commodities at the shops and again shopkeeper goes to the bank to deposit the cash which he got from the customers. This process is time consuming for both the economic agents. Corresponding to this direct transfer of money takes place from buyers account to the seller account in case of digital payments eliminating all the flaws of cash mode of payments. Thus economically there is no leather shoes cost. Digital payments save you from long queues of ATMs and banks. Because, if you pay digitally, you wouldn't need to withdraw cash from your account. It also saves lots of time and a little bit money as well.

The RBI classifies every mode of cashless fund transfer or transaction using cards or mobile phones as —prepaid payment instrument”. These can be issued as smart cards, magnetic stripe cards, Net accounts, Net wallets, mobile accounts, mobile wallets or paper vouchers. These are classified into three types:

- ✚ **Closed:** These are those online payment instruments which are issued by an entity for purchasing goods and services from it only. We can't use these cards for withdrawal or redemption. Ola money is one such closed wallet.
- ✚ **Semi-closed:** These are used to buy goods and services including financial services, from merchants that have a specific contract with the issuer. These too don't allow cash withdrawal or redemption and include wallets offered by the service providers like Paytm and State Bank Buddy.
- ✚ **Open:** These can be used to buy goods and services, including financial fund transfers at merchant locations, and also permits cash withdrawals at ATMs. All Visa and Master-card cards fall into this category.

1.12 Types of Digital Payments: - From the commonly used cards to the newly launched UPI apps digital payment has many types of payment. Some modes meant for tech-savvies and some for less-technical persons. The various types of digital payments are:

1.12.1 UPI apps: Unified payment interface is a payment mode which is used to make fund transfers through the mobile app. You can transfer funds between two accounts using UPI apps. For using this you have to register for mobile banking. Currently, this service is available on for android phone users. There are too many good UPI apps available to us such as BHIM, SBI UPI app, HDFC UPI app, iMobile, Phonepe app etc. UPI apps are a faster solution to send money using VPA or even IFSC and account number.

1.12.2 AEPS: AEPS is an Aadhaar based digital payment mode. The term AEPS is stand for Aadhaar Enabled Payment Service. Customer needs only his/her Aadhaar number to pay any merchant. AEPS allows bank to bank transactions, it means the money you pay will be deducted from your account and credited to the payee's account directly. You need to link you Aadhaar number with the bank only and can avail the services. Unlike the cards and other apps it is totally free of charges. One can use it with the help of POS {point of sale} machine. All the transactions can be done with it. It uses fingerprints as a password, thus it is the most secure digital payment mode.

1.12.3 USSD: USSD banking or *99# Banking is a mobile banking based digital payment mode. You do not need to have a smart phone or internet connection to use USSD banking. You can easily use it with any formal feature phone. USSD banking is as easy as checking your mobile balance. You can use this service for many financial and non-financial operations such as checking balance, sending money, changing MPIN and getting MMID. The *99# code works as a bridge between your telecom operator's server and your bank's server. It uses your registered mobile number to connect with your bank account. Hence, dial *99# with your registered number only. USSD banking has a transaction limit of Rs. 5000 per day per customer. RBI has also set a maximum charge of Rs. 2.5 per operation.

1.12.4 Cards: Cards are provided by banks to their account holders. These have been the most used digital payment modes till now. Many of us use cards for transferring funds and making digital payments. Credit cards, Debit cards and prepaid cards are the main types of cards. You can also use Rupay debit card for digital payments.

1.12.5 Credit cards: Credit card is an online payment instrument issued by bank and some other entities authorized by RBI. These cards give you the ability to withdraw or use extra money. Credit cards are used for domestic as well as international payments.

1.12.6 Debit cards: Debit cards are issued by the bank where you have account. You can use these cards for the money in your account. The payments you make with these cards debits from your account and credit immediately to the payee's account. You can use these cards to make the payments to one bank account to another.

1.12.7 Banks-Prepaid Cards: A prepaid card is another type of card which you use to pay digitally. You must have to recharge these cards before using just like prepaid SIM cards. Cards are one of the best modes when you pay at portals or E-commerce sites. All you need to do is buy a card, load it with the desired amount and the card is ready to be used. You don't require any account to use these cards. Prepaid cards are convenient alternatives to cash and Cheque & benefits cardholders in a number of ways.

1.12.8 E-Wallets: E-Wallets or mobile wallet is the digital version of your physical wallet with more functionality. You can keep your money in an E-wallet and use it when needed. Use the E-wallets to recharge your phone, pay at various places and send money to your friends. If you have a smartphone and stable internet connection, you can use E-wallets to make payments. These E-wallets also give additional cash back offers. Some of the most used E-wallets are State bank buddy, ICICI Pockets, Free recharges, Paytm etc.

1.12.9 Rupay: Rupay is a new card payment scheme launched by the National Payments Corporation of India (NPCL), has been conceived to fulfill RBI's vision to offer a domestic, open-loop, multilateral system which will allow all Indian banks and financial institutions in India to participate in electronic payments. The benefits of Rupay debit card are the flexibility of the product platform, high level of acceptance and the strength of the Rupay brand-all of which will contribute to an increased product experience.

1.13 Digitalization in J&K: The digitization in Jammu and Kashmir has started with the introduction of common service centers under the digital India campaign, launched by GOI in 2015. The GOI has launched the NeGP with an aim of providing all the government services in an integrated manner at the doorstep of its citizens, at an affordable cost. To that effect, the role of Common Service Centers envisaged as the front-end delivery network for Government services, assures great significance. Five Village Level Entrepreneurs (VLEs) from J&K, who run Khidmat Centers established by J&K Bank, were felicitated by the Department Of Information and Technology (DIT), Government of India at the 14th National Conference on e-governance held at Aurangabad on Feb 10-11. To introduce the usage of IT at the people's doorstep mainly in rural areas and mountainous belt of J&K, the state government has set up Khidmat Centers and Community Information centers (CIC) in the state. The CIC's are in 135 blocks and 646 Khidmat Centers are functional in the state to

provide common services to the citizens. Khidmat literally means —to help-out. It helps the people and the citizens in getting information of the governmental activities, policies, schemes and various projects. Initially, the Khidmat Centers provided art equipment such as computers, printers, webcam etc. with effective internet connectivity.

Khidmat Centers offers over 30 services including digital loan, documentation of core banking facilities, NREGA data collection, government form submission, death and birth certificate, property tax payment, electricity & BSNL bill collection, LIC premium collection, gas booking, railway ticket reservation and some other facilities are provided by these CSC's. Khidmat Centers, as a subsidiary of J&K bank will bridge the digital divide gap and help in enhancing the financial inclusion of the people of remote areas. J&K bank provides some online payment services such as pre-paid & post-paid mobile recharges, DTH recharges, E-Collects which allows Educational, Commercial, Government/Non-Government organization to receive online payments, e-payment which facilitates payment of direct taxes online by taxpayers (to avail this facility, the taxpayer is required to have a net-banking account) and Bharat Bill Payment System (BBPS) launched by the Reserve Bank of India as a mandatory system for making payment of bills across geographies more easy.

J&K Bank also provided the facility of internet banking which is a very convenient way to do banking for both corporate and retail clients as they can access their accounts anytime and from any location via the World Wide Web, which helps in avoiding the queue or delays. An account holder can access this service by logging in into his account through an ID and password.

Other digital services available in the state are; Digital Locker, a Digital India initiative which is a secure cloud based platform for storage, sharing and verification of documents and certificates. E-PDS (electronic Public Distribution System) launched with an objective of digitization of data and seeding of Aadhaar cards. It designs Aadhaar based ration cards as per the NFSA guidelines. It helps in automation of fair price shops by using Aadhaar based biometric authentication model at fair price shops to validate the beneficiaries of ration card. It also provides the SMS alert to the stakeholders and PDS beneficiaries. And finally, it avails the facility of grievance redressal management which works on an integrated call Centre which operationalized having a toll free number.

1.14 Advantages of Digital Payments: The digital payments mode is very easy and convenient mode, with digital payment modes, you can pay from anywhere anytime. There are discounts on taxes on using this mode. It keeps the written record of all the transactions and is less risky. Another merit of digital mode is that it promotes the financial inclusion as one who wants to make payments digital firstly has to open an account with bank. Along with the financial inclusion, it also ensures the accountability and transparency which is of paramount importance for tackling the problem of corruption. Further, this digital mode also helps to reduce the stock of black money in the economy and thereby promotes the greater velocity of money. Again with the digital mode of payments we need no cash and hence due this it eliminates the currency costs bear by the government on its maintaining and distribution. As there is a huge risk associated with the currency like its deprivation, lost, stolen, and the like. Thus digital mode of keeping money like E-wallets, Paytm etc. keeps us away from all these issues.

1.15 Disadvantages of Digital Payments: It is difficult for a non-technical person to use digital payment mode. The use of digital mode for making payments require high technical savvy, as it is not suitable for an illiterate one. There is a risk of data theft with this mode. It may leads to the overspending because you have all your money with you always unlike the non-digital mode where you have only a limited amount of cash with you. Further this digital mode of payments requires an internet connection as Paytm don't function with internet, making it non-operational in the remote areas where mobile phone network is inaccessible. Further, this requires that both the payer and receiver should have complete information on the mode of payment they are

using. Again there is huge risk of hacking associated with this mode. Thus we can conclude that along with advantages this digital mode of payments is not free from disadvantage.

1.16 Demonetization: The French were the first to use the word Demonetize, in the years 1850-1855. Since then many countries have used the word and the policy with immense restriction and discomfort, for it disrupts economies and population at large. —Demonetization is obviously disruptive. All reforms are disruptive. They change the retrograde status quo this is how finance minister Mr. Arun Jaitley described the government's demonetization and consequent remonetization along with a push for digital economy. Defining demonetization in the India context we can say that, it is an act by the Government of India in which the old currency notes of Rs.500 and Rs.1000 has been banned as legal tender and were replaced by the new notes of Rs.500 and Rs.1000. It is not suitable to call recently macroeconomic policy by the government as demonetization, because demonetization in its stickiest sense implies banning the currency notes as legal tender and here in the present case it was replaced by the new notes of same value and an additional note of value Rs.2000 was also introduced. So as per my personal view I would like to call it as re-monetization.

Demonetization is defined as act of stripping a currency unit of its status as legal tender. It refers to cessation of current currency and replacing it with new currency. Demonetization is not a new concept; in the past also it has been utilized by various countries as well as India to curb corruption. The move of demonetization has been proved to be good for some countries but some countries has failed very badly with this move. Some of the countries that have practiced the demonetization are Russia [January 1991], North Korea [2010], Zaire [1990], Myanmar [1987], Ghana [1982], Nigeria [1984], Pakistan [2016], Zimbabwe, Australia, and many others. But the primary objective of all the countries behind the demonetization of their currency was to curb the corruption and parallel economy problems. So for as the history of demonetization in India is concerned it can be traced back to 16 January 1946 at 9 AM on the All India Radio, when Indian government for the first time demonetized the currency notes of Rs.1000, Rs.5, 000 and Rs.10, 000. At that time the government through this drive collected Rs.134 crore of the totals Rs.143 Crore available in the market [according to the RBI estimates]; only Rs.9 crore was not exchanged therefore demonetized. But later on in 1954 we again reintroduced the same notes in the market which is paramount mistake committed by us and which had caused to the failure of that move. The Wanchoo committee has stated in the late 1960s to the government to withdraw all high denominations, but it wasn't heard till 1978 when Janata Party-led Morarji Desai has done this. Thus second time Indian currency was demonetized in 1978. The demonetization in 1978 failed because there were rumors that the demonetization would come into effect sooner or later. If the previous government had heard the committee's recommendations by agreeing to print 3.5 billion currency notes in 1972, the public nature of the Wanchoo committee (It was direct tax enquiry committee constituted with an aim to look after the direct tax evasion. This committee also presented the corruption and black money estimates on the basis of Kaldor's methodology for the year of 1962-63) wouldn't have created such a problem to encounter the same issue— Inflation.

Finally in 2016, November 8 again Prime Minister Narinder Modi announced in the evening at 8.00 pm that the currency notes of Rs.500 and Rs.1000 are no more legal tender. The special feature of this time move as compared to the previous one's is that these demonetized notes accounts for 86% of the total currency in circulation. So economically the cost of 2016's demonetization was very high as compare to the older ones. Another special feature of this was its privacy, no other people except the few policy formulators before the announcement made by the Prime Minister was aware about the move. This helps very much to achieve the objectives of the policy because the black money holders didn't get time to manage their black money. As defined by the policy framers, to curb the corruption, stop terrorists funding, and to tackle the problem of parallel economy are the major goals of this policy move. Besides these short-term objectives the ultimate long-run aim of the policy is to make India as a fully digital society.

There were many great controversies were being happened among the various economist of the country. Some of the economists are in favor of it, while some are against it like Amartya Sen the noble laureate of economics in 1998 and former Prime minister Dr. Manmohan Singh were against this. As stated by the economists who were in favor of this like the RBI governor Urjit patel, chief economic advisor Arvind Subramanian that impact of demonetization will be seen in the long-run in terms of reduced corruption, reduction in the extend of black money and good macroeconomic health of the country. In response of this Sen has argued that no government policy is good if it harms or makes people to suffer and scarifies whether in the short-run or long run. Despite these controversies it is very difficult to say that which school is right. However the results will prove that who is right.

1.16.1 Need for Demonetization: As mention by the government, the current demonetization is done because of the following main reasons:

- ✚ To tackle black money
- ✚ The cash circulation in India is directly connected to corruption. By reducing the cash transactions, government wants to control corruption and thereby move towards cashless transactions.
- ✚ To counter the menace of counterfeit currency.
- ✚ To prevent the cash being used for terrorist activities/ terror funding.

1.17 Black Economy: At present every child of the country is familiar with the term Black Money (Kalla Dhan). There are different terms that are usually used to point the black money in economics like parallel economy, unaccounted money, underground wealth, shadow economy, unofficial economy, illegal economy and black income etc. But the, meaning of all terms is same that is the money which is not legitimate. As defined by the GOI under its report ‘White Paper on Black Money’ released in 2012, Black money as an asset or resource that have neither been reported to the public authority at the time of their generation nor disclosed at any point of during their possession. Parallel economy is real bottleneck to the socio-economic development of the country. In most of the developing economy corruption and unaccounted money is the main problem which reduced the tax revenue of the government and thereby leading to the low infrastructure spending by the public authority. Thus in order to ensure a proper accountability and transparency in the economic environment of the country the initiative digitalization and demonetization has been taken. No doubt this policy is going to solve the problem of black economy in the near future. More needed, what leads to black money etc.

1.17.1 Factors leading to black money: The black money can be generated in both legitimate as well as in an illegitimate manner. As by the definition it is clear to all of us that black money is used to refer to money that is not fully legitimate in the hands of owner. The legal ways of accumulating black money includes, generating black money through manipulation of accounts and the generation of black money in some vulnerable sections of the economy like real estate, the bullions and jewelry market, financial market, public procurement, non-profit organizations, external trade, international transactions involving tax havens, and the informal service sector. So far as the illegal ways of generating black money is concerned they include the money accumulated by crime and corruption which further includes racketeering, trafficking in counterfeit and contraband goods, smuggling, production and trade of narcotics, forgery, illegal mining, illegal felling of forests, illicit liquor trade etc. The principle causes of black money are money laundering, high tax rates, state controls, urban land and property deals, complex tax structure and poor enforcement of laws, public sector also contributes to corruption in awarding public works, telecom and mining scams, bribes for out-of-turn favors and donations to the political parties etc.

2. METHODOLOGY

Research methodology is a systematic way to solve the research problem. It may be understood as a science of studying how research is done scientifically. Research methodology comprises of the various steps that are

taken by the researcher to solve his research problem. A research methodology is complete guide for the conduction of research right from the beginning to the end. It includes every step, every tool and technique, method etc. employed by the researcher to conclude his research. The main difference between the research methods and the research methodology is that research methods includes only the tools, techniques and the methods adopted by the research in solving his research problem whereas research methodology is a wider concept which includes not only the research methods but also the logic behind that method due to which that particular method has been used in our study. A methodology is usually a guideline system for solving a problem some specific components such as phases, tasks, methods, technique and tools. The details of the methodology used in the present study are as under:

2.1 The present study: In the present study the focus is on access to the digital services and their utilization for making payments. Access to digital services here means that whether people have an availability and affordability to these services and their utilization means the purpose for which they are making use of the digital services.

2.2 Importance of the Study: As the nation is moving towards the digital world where almost every activity is going to be conducted in a digital manner. But before we take any initiative to promote digitalization, firstly we have to make it sure that the general masses are able to adopt these reforms. Thus it is of paramount importance to have knowledge about the penetration of internet and the technical knowhow required for its usage among the residents of a particular area. The study is also important as it tells us about the uses of digital services for various purposes especially for making payments. The study highlights all the purposes for which people are using internet. Again the present study provides the perceptions of the people on digital services which will help the policy makers to frame new policies or revise the existing ones regarding fulfillment of the various objectives related to the problem under consideration. Capturing the change in the behavior of the people in making payments through cashless mode post demonetization also marks the importance of the present study.

2.3 Selection of the Study Area: The present study has been conducted in Roopnagar area of Jammu city which has been selected on the basis of multi-stage random sampling. The respondents in the final stage have been selected on the basis of purposive sampling where any adult member of the household who is having at least one bank account is the respondent in the present study.

2.4 Objectives of the Study: Following are the main objectives of the study:

- ✚ To ascertain the socio-economic background of the respondents in the study area.
- ✚ To ascertain the accessibility of internet and the purpose for which the respondent is using internet.
- ✚ To determine the factors which are responsible for the use of cashless mode of payments by the respondents in the study area.
- ✚ To examine the perceptions of the respondents regarding the digital services and demonetization.

2.5 Hypotheses: -

- ✚ Education and occupation of the respondents are the main factors determining the use of cashless mode of payments
- ✚ The proportion of people making use of digital services for payments has increased after demonetization.

2.6 Data collection: - The present study is mainly based on the primary data. The primary data has been collected from the 50 respondents who are of age 18 years or above and are having at least one bank account. However the secondary data has also been used to supplement the primary data. Direct personal interview technique has been used in which the investigator interviewed the respondents face to face and all attempts were made to ask the questions in their local language, so that they can easily understand the essence of the

questions. The respondents were properly assured that information delivered by them will be kept confidential and will not to be disclosed to anyone. They were convinced that the information will be used only for the research purpose.

2.7 Data Analysis: -The data after collection was coded and then it was tabulated and analyzed with the help of various statistical tools using software like MS excel and SPSS.

2.8 Limitations of the Study: The main limitation of the present study is that some of the questions which were posed to the respondents required recall of previous activities. As most of the respondents do not maintain their proper records of the preceding events, as such their responses to such questions cannot be taken as cent percent. But despite this limitation, the purpose of the present study has not been defeated.

3. MAIN FINDINGS OF THE STUDY

- ✚ Following are the main findings of the present study.
- ✚ It is found that majority of the respondents are males having General category & APL ration cards and are belonging to Hindu religion.
- ✚ It is found that majority of the respondents are educated up to graduation level or PG/Professional degree and above level.
- ✚ Self-employment and wage employment in the organized sector are the main occupation of the respondents in the present study area.
- ✚ Almost all the respondents are found enjoying all the basic household amenities and thereby have a decent standard of life.
- ✚ Majority of the respondents are found having access to internet facility.
- ✚ The proportion of APL ration card holders having access to internet facility is more than the respondents holding BPL ration cards.
- ✚ The proportion of female respondents having access to internet is more than male respondents.
- ✚ All the respondents within the age group 18-29 are found having access to internet irrespective of their socio-economic background. This indicates that new generation is using more internet facility than the older ones.
- ✚ Education and occupation are found positively related with the accessibility of internet.
- ✚ It is found that lack of confidence/knowledge & skill and no interest are the main reasons for not having access to internet.
- ✚ It is found that internet through mobile is the major mode of internet services in the present study area.
- ✚ It is found that spending on internet form no normal distribution rather it is scattered from person to person.
- ✚ It is found that majority of the respondents who are availing access to internet free of cost are provided free internet services by the service provider.
- ✚ Majority of the respondents are found quite satisfied with the internet services they are delivered with.
- ✚ Almost all the respondents use internet for social networking, buying and selling of goods & services, seeking information etc.
- ✚ Half of the respondents are found having single bank account while remaining half are found in possession of multiple accounts.
- ✚ Majority of the respondents have their first bank account opened in pre-PMJDY period.
- ✚ PMJDY and Demonetization has a very little influence on the opening of bank accounts in the study area.
- ✚ It is found that 80% of the respondents are having debit card facility in the present study area.
- ✚ Only 4% respondents are found having credit card facility.
- ✚ Majority of the respondents usually uses cash for making payments because they consider it convenient as compared to the cashless mode.

- ✚ Again it is evident from the data that besides with the internet access there is also a positive relationship between educational & occupational level of the respondent and the use of cashless mode of payments.
- ✚ Majority of the respondents who are using cash as their usual mode of payments are going to prefer digital services in the near future, if they will be provided with the required infrastructure, knowledge and skills pertaining to the digital services.
- ✚ Debit card is found to be mostly used digital payment instrument for making payments.
- ✚ Majority of the people are having an ATM kiosk within the radius of 1 KM from their residence.
- ✚ It is found that majority of the respondent despite having an ATM card are not aware with all the function that can be perform by it and thereby making its use only for purposes like cash withdrawal and balance enquiry.
- ✚ All of the respondents are quite aware with the demonetization and majority of them has welcomed it for the prosperity of the economy.
- ✚ Majority of the respondents faced no problem in the beginning due to demonetization. In the pre-demonetization period majority of the respondents are making their payments in the cash mode. However a little increases in the use of cashless mode has taken place in the post-demonetization period.
- ✚ The change in the mode of payment post demonetization has not taken place in case of all the commodities rather for some of the commodities like DTH, mobile bill, fuel and electricity bill.
- ✚ Both in the pre-demonetization and post-demonetization period, Debit Card has remained the main digital payment instrument used for making payments.
- ✚ Majority of the respondents responded that digital mode is safe and secure mode for making payments.
- ✚ For those who feel that digital mode is unsafe and unsecure are more concerned about hacking of personal data.
- ✚ Again it is found from the perceptions and other information gathered by the investigator that majority of the respondents are in agreement with the statement that demonetization will help the country to curb the corrupt practices
- ✚ It is found that people are not forced by the demonetization to make their payments in digital mode rather they are making digital payments by their own wish and will.
- ✚ And finally it is found that anytime and anywhere access is possible is the most liked feature of the digital services among the respondents in the study area.

4. RECOMMENDATIONS:

- ✚ Since, it is found in the study that most of the people are lacking knowledge/ confidence & required skills and thereby not using internet. Therefore some training programme should be organized from the side of government or NGO's to operationalize the process of digitalization and digital payments.
- ✚ Banking infrastructure should be developed and people must be provided with the adequate knowledge regarding the usage of various banking instruments like debit card, credit card, mobile banking etc.
- ✚ For the strengthening of the digital payments people must be ensured that their information and accounts will not get hacked. For ensuring this government must improve their cyber securities cells.
- ✚ Most of the people in the study area are found to be willing to make their payments in digital mode but the payments through card or in digital mode are not acceptable by most of the sellers. Therefore the sellers should be encouraged to accept payments through digital mode.
- ✚ Again as it is found in the present study that majority of the respondents in the study area are using internet through mobile. So it is required that the people should have a smart phones for availing this facility. Thus government should provide the general public with the subsidized smart phones so that the ultimate objective of the digitalization and digital payments should be achieved.
- ✚ For promoting the awareness among the people regarding the benefits of digitalization and the usage of internet various awareness and advertisement Programmes should be organized.
- ✚ Based on the perceptions and other information acquired from the respondents, finally it is recommended that if we really want to make our economy a digital economy, than like demonetization

which is a deliberate move of the government, every payment above a particular limit should be compulsorily made by the digital mode.

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