

A Study of Post-Demonetization Effect As Reflected in Novel Innovative Trend in Indian Scenario

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Abstract – The government- advocated plentiful inducements to embolden entities the usage of pioneering exercises posts demonetization in India was an important development in the Indian scenario. One of the instruments entailed attributable to demonetization was the progression of pioneering expertise grounded dealings. Numerous enablers have surfaced the manner to the enhancement of digital payment contrivance and the manifestation of the transformation to a cash-less economy. In 2016, the demonetization currency notes happened in India. As in India before 2016, in 1946, RBI made the demonetization legal tender paper money which was at that time in circulation.

Keywords – Cashless Payment, Traditional Payment System, Procuring Behavior.

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INTRODUCTION

Demonetization means the endeavor of divesting a money element of its standing using a lawful proposition and withdrawn from circulation in the economy. The objectives of demonetization are as follows:

1. To cap funding to terrorists.
2. To aid extract black money the excavated black money will inflate the fiscal period of the government.
3. To aid reduced rates of interest in the banking system
4. To reinforce and validate India's familiar economy, the government proposed numerous attractions to encourage individuals towards using digital transactions.

The probable advantages of demonetization resulting in withdrawal from circulation are as follows:

- **Enriched Savings** – Due to demonetization, individuals will be inclined to build up their cash balances in the bank instead of keeping

cash at home. This will aid them to save additionally.

- **Slashed lending rates** – Through currency demonetization, currency passages from individuals to banks. Therefore, there is an improved movement of currency. This drives a guide to a reduced cost of finances which deciphers into lesser lending rates.
- **Improved economy** – Since extra money is amongst the banks, there is a developed passage of currency in the economy. The government obtains added taxes and can embark on progress projects. This pointer to an improved-accomplishment economy.
- **Restricting anti-social actions** – Generally, cash is the method of settlement for anti-social deeds. Demonetization verges these events. It compels anti-social elements to discover behaviors to exchange old notes.
- **Diminishing forged money** – Banks squared if the old currency is authentic or

not beforehand enduring. Therefore, this results in puddling out forged notes from the marketplace.

IMPACT OF DEMONETIZATION:

The government recommended several incentives to persuade individuals the usage of digital transactions. These enablers comprise the usage of the internet in smartphones and other institutions facilitating digital payment, one-touch payment, etc. These are the factors promoting the positive growth of digital payment in India. Digital Technology is reshaping the payment methodology. Technological progression is a continuous process and over the years it has been evolving. Technological advancement has provided an effective payment mode devoid of cash which is known popularly as digital payment.

In the USA, for example, the use of bank cheques has decreased from 85% in 1979 to 59% in 2002. Digital India acts as a catalyst that prompts exponential development in the digital payment sector. The customer view of digital payment has a critical effect on the acceptance of different modes of digital payment. With the preceding challenges, the intention of this paper, therefore, is to assess opportunities reposed by digital payment.

This paper indicates the blockades and encounters that are placed frontward to the adoption of online payment which gained importance in Post Demonitization era.

LITERATURE REVIEW:

The literature review comprises of the following studies:

Annamalai, Muthu & liakkuvan (2008) in their study on "Retail transaction: Future bright for plastic money" anticipated the evolution of plastic cards in the merchandising settlements.

Davis (1986) advocated one of the famous models associated with the adoption of technology is the TAM. TAM explains the theoretical epicentre of the services to designate consumer behavior, concerning the adoption of technology. TAM is envisioned as a significant addendum of (TRA) - theory of reasoned action.

M. Taylor (2011) has tackled the issue of modes of payment as to in what way modes of payment affect

consumer outlay behavior. These authors have also examined the inclination of users to apply existing indication that outlay for the credit card is greater as compared to cash outlay. Studies also revealed that credit cards promote an upsurge of not-so-required object procurements (Soman, 2003).

Venkatesh (2012) in an analysis entitled "Consumer acceptance and use of information technology: expanding the unified theory of acceptance and use of technology" showed UTAUT as an influential structure. The proposition is vital for consumer behavior regarding the usage of technology in comparison with a condition that fluctuates allowing dynamics. They also proposed a vital outcome on the behavior of consumers by technology usage in meeting a speckled condition that is effervescent.

BENEFITS OF VIRTUAL PAYMENTS:

- Usage:
- Innovative practices
- Trust
- Electronic base
- Saving the environment
- Cash backs

DEVELOPMENT OF INDIA AS A DIGITAL ECONOMY:

It is realized that the developed economies are already incorporating digital technology due to its visible impact on the global economy. India has launched its ambitious project 'Digital India' with a mission. The Govt of India has launched the Digital India program as a flagship program to renovate India into a digitally vested society.

To recognize Indian society as a knowledgeeconomy with the main objects of affording e- learning, healthiness, and e- governance facilities. India also objects to giving e-learning, healthiness, e- governance amenities as its central ideas. The digitalization of the Indian economy is to authorize individuals to exploit the internet by bringing e- governance, teaching, and healthiness amenities in distant areas too. It

purposes to link the opening between the rich and poor and between villages and cities.

The Digital India sequencer hurled in 2015 objects to bridge the gap by the promotion of investment of funds in infrastructure aiming to improve literacy and progressively giving internet facilities. India's accomplishment in the relations to giving internet facilities and permitting e-contribution has been in contours with the developed countries, is worth mentioning.

As per Thomas Mesenbourg (2001), the parts of digital frugality are :

1. **E-Business Infrastructure:** It comprises telecommunications networks, human assets for usage in digital trade.
2. **E-Business:** A progression effected over computer-interceded networks by a business enterprise.
3. **E-Commerce:** It is transmitting goods and services amongst the buyer and seller electronically.

To analyze and measure the digital depth of various countries, the World Economic Forum has prepared a Networked Readiness Index, a crucial barometer for determining how countries are performing in the digital world. It reckons how well an economy is using information and communication technology to enhance competitiveness and well-being.

As per ranking conducted by World Economic Forum, 2016, Singapore has been at the top-ranking and is deriving the best benefits of information technology and is making exemplary usage of digital technology in delivering basic and government services also ensure that its institutions are smoothly connected. The other nine countries including Finland, Sweden, Norway, the US, Netherlands, Switzerland, UK, Luxembourg, Japan also have fine access to advance technology making their venture capital and business network highly connected. These countries have an extremely favorable business and innovative atmosphere which has created one of the most buoyant and digitized economic centers in the world.

At the time of publication of the Networked Readiness Index 2016, India did not make any remarkable progress. The World Economic Forum observed that India slipped down two positions to an

overall rank of 91 because other countries are moving at higher speeds compared to India. Demonetisation led cash crunch in the economy and common people started making digital transactions and thus involved themselves in the digital economy on a massive scale but subsequent remonetization again reduced the quantum of digital transactions.

Now a large part of the Indian Population is using internet-enabled services like digital payments, e-commerce, e-learning, telemedicine, and e-governance, etc.

ENDOWING WITH DIGITAL MODES AND SCENARIOS FOR INDIA:

The main advantages of India's open part are expanded income; decreased costs; higher representative profitability; improved wellbeing and security; improved condition; upgraded resident experience, and better wellbeing and prosperity. India appears to be prepared for the change to an advanced economy and Mckinsey recognized three conditions, for example across the board versatile network and possession; a national advanced installment infrastructure, and a well-spread individual ID framework with chips or biometric ID for India to guarantee a smooth computerized change.

The neo-liberal financial strategies since the most recent decade have just satisfied every one of these measures, with the most recent expansion of the Aadhar Card. Presently the stage is all-around set for the remarkable digitization of the economy.

The Computerized India program, as conceived by the government, will help India in beating difficulties, personal satisfaction. India has an enormous chance to line up with the government's Digital India activity that can change the beneficial encounters of 1.2 billion Indians.

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