

Challenges of implementing “cashless” in rural India – Konkan region

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Abstract

Objectives: To create awareness of cashless payment and give training for villagers. To implement cashless transaction at all shops of Palshet and Velneshwar village.

Methods/Statistical analysis: The study is conducted in two villages of Ratnagiri district namely Velneshwar & Palshet. A sample size of 1100 residents was selected for the purpose of analysis. The sample includes both literate and illiterate population (population over age 12 is considered) since they are the ones who give their views on cashless activity and use of digital payment methods. Survey method is used for data collection with the help of questionnaire. The responses from respondents were collected and analyzed using the simple percentage method.

Findings: From our field survey and door to door interaction we came to know that villagers are ready to learn and implement but shopkeepers and some vendors are fearful of getting income tax slab. A lot of efforts to be taken to educate villagers in E-commerce. From survey we got the basic data about their (villagers) qualification, number of bank account holder, number of smart phone users, availability of PAN card, availability of Aadhar card, infrastructure facility such as internet connectivity, point of sale machine etc. Internet connectivity in rural Konkan region is very weak hence it is very difficult to transact digitally. The shopkeepers and vendors are hesitant to use point of sale (POS) machine because of transaction charges on POS machine are not affordable. Very less number of populations is having knowledge about internet and mobile banking.

Application/Improvements: By implementing this project we have created awareness and importance of cashless transaction amongst villagers. Small movement of digital transaction has been started in the form of paying Electricity bills, mobile recharge through BHIM app.

Keywords: Cashless transaction, Konkan region, Gram sabha, Internet connectivity, Household survey.

1. Introduction

VPM's Maharshi Parshuram College of Engineering (MPCOE) at Velneshwar has set a high level benchmark in quality technical education in a remote and rural village of Konkan region of Maharashtra. Besides offering Bachelor of Engineering courses in approved streams (branches), MPCOE has been actively involved in the development of local and neighboring societies. These include coaching of students in nearby Schools and Jr. Colleges, training of teachers of Schools and Jr. Colleges in Computer literacy, Beach cleaning, Study of flora and fauna of the region, organizing small scale activities in nearby villages under NSS, developing suitable products for the villagers, and so on.

To educate the villagers of Velneshwar about Government's Digitization efforts towards Cashless transaction and to strengthen this movement, MPCOE has formed a core team of teaching and supporting staff. In this direction, MPCOE team has been meeting the Sarpanch (village head), senior villagers, shopkeepers, the fishermen, and all other stakeholders and has done considerable ground work. MPCOE has started similar exercise in another important nearby village, Palshet, which has a bank and a couple of ATMs. This study is an attempt to document ground level challenges faced by MPCOE team during awareness and implementation stages of cashless transactions in nearby villages Velneshwar and Palshet. The team has primarily confined its survey and study activities in the villages of Velneshwar and Palshet. Information has been collected with the help of structured questionnaires and analysis has been carried out using simple percentage method.

Major obstacles that tend to slowdown the implementation of cashless transaction are:

1. Illiteracy among the locals,
2. Tendency towards adherence to traditions and customs,
3. Lack of awareness,
4. Majority of the population belonging to Low Income Group,
5. Reluctance to come out of years of neglect and apathy,
6. Political exploitation,
7. Attitude of people and
8. Lack of infrastructure.

If we tackle the challenges effectively then even in rural areas like Velneshwar and Palshet, cashless transaction can definitely be implemented successfully. Velneshwar and Palshet are tourist places along the coastal Konkan region of Maharashtra. Velneshwar is about 60 km from the nearest railway station, "Chiplun", which is on Konkan Railway. Mumbai-Goa highway passes through Chiplun. Majority of Velneshwar's locals are fishermen or daily wage workers. There is a famous ancient temple of Lord Shiva besides temples of other deities. There is a beach and some small shops which offer products of daily needs. There is MTDC (Maharashtra Tourist Development Corporation) hotel and few other small hotels. The village of Velneshwar attracts large number of tourists during festivals, year-end, week-end, and holidays. Locals earn extra money during such tourist seasons but otherwise the daily transactions in any shop on an average range between ₹500 to ₹2000.

There is a Post Office and almost every household has an account in post office. The nearest National bank branch, Union Bank of India, is about 10 km. By and large the transactions in shops are by cash or credit; therefore, they don't have any ATM card or online net banking system. Most of the people opened their accounts under Jan-dhanyojana. Some have got ATM card but due to illiteracy they don't know how to operate it.

2. Literature survey

The focus of study by [1-2] is globalization, its impact on Indian economy and society, and the transformation it has brought about in India. It is a review of meaning, interpretations and impact of globalization in different contexts.

In [3] discusses the current scenario of cashless India after demonization and attempts to describe the impact of devaluation on our economy, counterfeit currency and challenges towards cashless economy. This study is a descriptive study carried out based on the collection of the relevant secondary data. Its collection is from various sources such as published books, articles published in different journals & newspapers, periodicals, conference paper, working paper and websites, etc.

The objective of the study by [4] is to study the positive impact that digitization of payment system in Indian economy will have on the development of rural Indian sector. Considering the benefits like transparency in transactions, it is essential that the transformation towards digital payments, even in the rural economy, is empowered. Many changes took place in the recent past like launch of many digital wallets like pay-tm, MobiKwik, free charge etc. and government is launching many UPIs (Unified Payment Interface) solutions and BHIM app for smooth transition to digital payments.

The objectives of the research study of [5] are to review the impact of demonetization on the rural economy, and to examine the fulfillment of Government's motive to make rural India a cashless economy and to identify the opportunities and challenges that exist in making a cashless rural economy. Their work is based on secondary data collected from various print and media sources.

In [6] article presents different aspects of cashless economy such as meaning of cashless economy, its major advantages, benefits of cashless economy, and challenges India will face in moving towards a cashless economy.

3. Methodology of survey

The study was conducted to obtain data on challenges in implementing cashless in rural part of India. The study is conducted in two villages of Ratnagiri district namely Velneshwar & Palshet. A sample size of 1100 residents was selected for the purpose of analysis. The sample includes both literate and illiterate population (population over age 12 is considered) since they are the ones who give their views on cashless activity and use of digital payment methods. Survey method is used for data collection with the help of questionnaire. The responses from respondents were collected and analyzed using the simple percentage method.

4. Discussion & Result

This study is an attempt at understanding the ground realities vis-à-vis Government's drive for Cashless transactions and Digitization. Villages chosen for study are close to the Engineering College. Methodology adopted for collecting information is quite simple as given below.

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1. Contact the Village Head, the Sarpanch and get his / her approval. With the approval of Village Head the task of contacting the residents of households becomes easier and cooperation is obtained without any obstacle.
2. The Sarpanch invites the college team in one of the meetings of Gram Sabha (a local body comprising of the Sarpanch and some senior villagers). The college team makes a presentation before the Gram Sabha about Government's drive and the role of college team.
3. College team then contacts bread earner(s) of each household of the village on a one-to-one basis and solicits basic information from him/her. College team also meets variety of shop keepers, vendors, etc. to make them aware of digital / cashless transactions.
4. Collected information is kept in documented format. College team also demonstrates the usage of different cards, mobile apps, etc. to villagers and shopkeepers.

While implementing Cashless Project in Velneshwar and Palshet villages, the team has adopted following steps:

1. Primary data collection
2. Challenges in implementing Cashless project
3. Data Analysis & Interpretation
4. Plan of Action

1. Primary data collection

Before the collection of primary data the team visited Gram Panchayat offices of Velneshwar and Palshet, met their Heads (Sarpanch) and others for creating awareness and seeking necessary permission to start conducting survey in village.

After getting permission, the team attended one Gram Sabha (meeting) of village where the objectives of Cashless Project were outlined. Benefits of doing cashless transactions over cash transactions were also explained.

Primary data collection includes (Basic information of individual, bank accounts, mobile handset type, ATM card users, availability of Andhra/Pan card/Jan Dhan A/C etc).

So in first phase of survey we have completed Velneshwar village where we have got information about (692 population) and in second phase we have got information about (470 population) of Palshet village. Nearly about 15 to 25 working days is utilized for data collection.

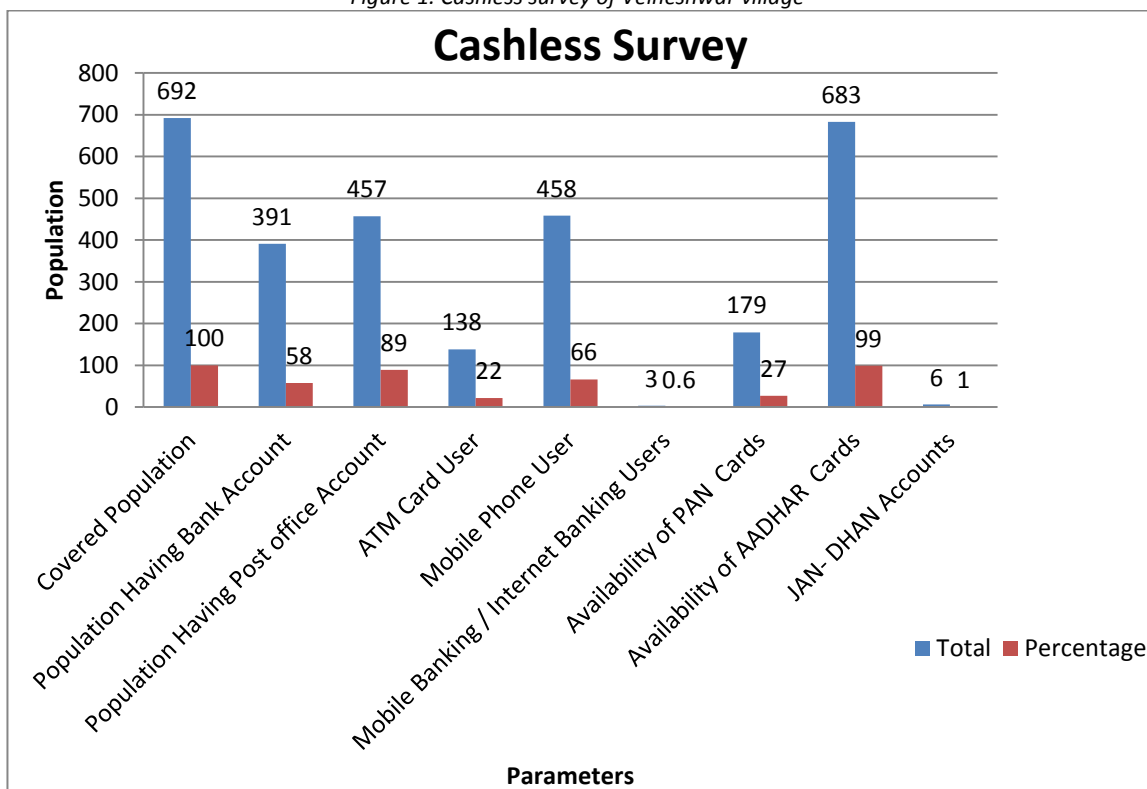
2. Challenges in implementing cashless transactions

Our team is working as an extended arm of the Government to make the local citizens aware of the concept of Cashless transactions, its merits and limitations, and other relevant issues. While implementing in Figures 1-2 cashless project in Velneshwar and Palshet village the team learnt about numerous issues as listed below:

1. Only a small of population have active bank account because the nearest bank is about 5 to 10 km from any village. Majority of the population have accounts in local Post Office. Every village has a post office. In Velneshwar village there is no bank. And those who have a bank account do not have either ATM card or any online transaction application on their mobile.
2. The team found that around 50% of population is illiterate and do not have any knowledge about banking transactions, facilities for online payments, etc.
3. Villagers engage in fishing, daily wages, small time and seasonal agriculture, in-house farming, running small shops (barbers, medical store, General stores, and sundry items) to meet needs of tourists who come to beaches and temples of Velneshwar and nearby places. Some of them operate Auto-riksha for local transport service.
4. Velneshwar and Palshet villages have small number of retailers whose daily transactions range from between ₹300 to 500. These transactions peak during local festivals. These retailers are not ready to place Point-of-Sale (POS) machines for one or more of following reasons – they have to pay commission on the sale,
5. POS instrument requires some minimum number of swipes every month otherwise there are extra charges,
6. Use of swiping machine is not convenient for transactions of small amounts (usually less than ₹100) which are frequent.
7. Internet connectivity was one of the crucial issues in Velneshwar and Palshet villages when we had started this activity initially, now it is improved with mobile operators like Jio offering their services.

3. Data analysis & Interpretation

Figure 1. Cashless survey of Velneshwar village

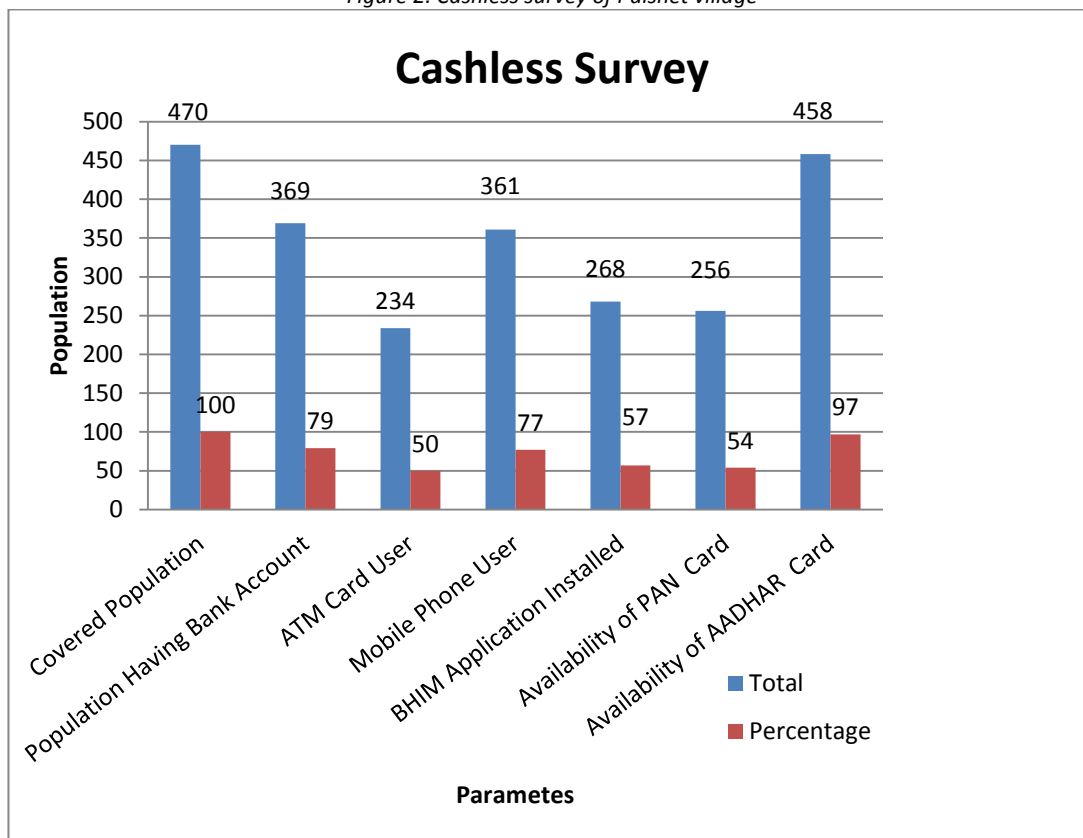


Source: Compiled from the survey reports conducted at Velneshwar village

4. Plan of action

1. As we observed there was less awareness about Cashless we had taken meeting of villagers and created awareness about what is “Cashless”, how you can use cashless facility, what are various modes of doing cashless payment (BHIM app,*99#)
2. As there was less no of population having bank accounts we had approach to nearest bank and requested them to open bank accounts of these untapped account holders.
3. Also we had taught them how to fill online electricity bill payment by installing BHIM app to some of the villagers who were having bank accounts.
4. In Palshet village we have displayed “SCAN & PAY” posters of BHIM app, to create awareness regarding cashless transaction.

Figure 2. Cashless survey of Palshet village



Source: Compiled from the survey reports conducted at Palshet village

5. Conclusion

On the basis of the findings of a team of faculty and staff who carried out awareness workshops, door-to-door interaction, and demonstration of various Apps and media to villagers of Velneshwar and Palshet of Konkan region of Maharashtra, it is concluded that, while Government might be right in desiring Cashless transactions by its citizens, a lot of ground work needs to done first to implement its ambitious plans.

Even though the findings reported in this study confine to only two villages of Guhagartaluka of Ratnagiri district, the challenges and ground realities are similar for any village of Konkan and Maharashtra. The efforts should continue for many years without break and relevant support should continue to be provided by Government’s machinery.

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