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Post Demonetization Impact On Digital Transections And Electronic Goods

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Abstract

This paper is discussed about post demonetization impact on digital transactions and electronic goods. The Indian government suddenly implemented demonetization on 8th November, 2016 of currency notes INR 500 and 1000.

The effect of demonetization on individuals and as well as on the digital transactions and on electronic good firms in India.

Keyword: impact on financial institutes, types of digital transaction, problems of digital transactions, impact on electronic devices, digital transactions

INTRODUCTION:

In India cash transactions are more than 86% and online shopping is

concentrated nearly 60% of whole shopping markets and these transactions are done morally on cash on delivery.

The e-payments using threv electronic goods and gadgets needs day to day life. The common man suffered a lot for leading there life during the demonetization.

The development in the communication network is specially servers have facilitated creation of alternative electronic firms and large good industry, MNCs and institutes.

IMPACT ON FINANCIAL INSTITUTES

ET BUREAUS (Economic trade)

- The transition to a cashless cashless economy will improve saving in financial assets which will benefits digital money operators, such as banks.

AUTOMOBILE INDUSTRY

- In two wheeler industry around 30-40% purchases made via financing while the rest through banked cash or simply “unaccounted” (benami accounts).

JEWELARY BUSINESS

- Loss due to demonetization during the marriage session
- Effect on purchase of gold

FARMERS

- demonetization during the Kharif session
- “Barter system” was practised during the selling of grains

MSME’S

- Milk industry, shopkeepers, hotels, Garments business and others

TYPES OF DIGITAL TRANSECTION

Mobile wallet: This is basically a virtual wallet available on your mobile phone. You can store cash on the mobile to make online or offline payments (*99#).

Plastic money: This includes credit, debit and prepaid cards. The latter can be issued by banks or non-banks and can be physical or virtual.

Net banking: This does not involve any wallet and is simply a method of online transfer of funds from your bank account to another bank account, credit card, or a third party

PROBLEMS OF DIGITAL TRANSECTIONS

Mobile wallets:

- mobile wallets are highly unsecured
- Attackers can steel and misuse the data

Plastic money:

- No proper infrastructure (data base)
- Server problems

Net banking:

- 70% of the total transaction are done in cash in India(CLSA)
- Lack of availability of new currency

IMPACT ON ELECTRONIC DEVICES

- Sudden hike in the sale of POS machines

Report by VeriFone

Indian Orders for Point Of Sale Machines Rise Five Times at VeriFone

Demand of the mobile ATM has been increased

- New secured mobile wallets have been came into light

Report by Times now

Prime minister “ Narendar modi ”
launched the app “Bheem”
45 new apps were launched

- Increase in the demand of the swipe machines

Report by The Hindu

Almost all business was digitalised
Including small tea stalls, garments
shops, Raythu bazaars etc.

DIGITAL TRANSECTIONS

- 400-1000% increase in digital transactions after demonetisation, says government
- Transactions on e-wallets have increased from 17 lakh per day to 63 lakh per day and value of transactions has increased from Rs 52 crores to Rs 191 crores
- Volume of transactions using Rupay card has increased from 3.85 lakh per day to 16 lakh per day and value from Rs 39.17 crore to Rs 236 crore
- He said that transactions on e-wallets have increased from 17 lakh per day to 63 lakh per day and value of transactions has increased from Rs 52 crore to Rs 191 crore.
- "With digital transactions money will come into system, it will be accountable, generate tax and develop country's economy. When money will come in to bank then government will be able to come up with better welfare schemes," he said.

- "The issue is not that Rs 400 crore is involved in terror funding. If a terrorist uses just Rs 5 crore for an attack in place like Mumbai then the damage will be of over Rs 1000 crore," Prasad said.
- Minister of State for Law and IT PP Choudhary said that digital payments are important for making society free from corruption and control flow of black money.
- While online wallet companies including Pay tm, MobiKwik and Free Charge are declaring massive growth in business post the withdrawal of Rs 1,000 notes from Rs 500 from circulation, provisional data shared by RBI paints a far less buoyant picture
- According to RBI data, in the first four days of December, the volume of transactions done daily through eight leading mobile wallets and prepaid payment instruments (PPI) was about 25 lakh, worth about Rs 60 crore.
- The company's payment gateway registered 12 lakh card transactions a day post demonetisation. "98% of the volumes are on cards and 2% on wallets," Rau said, adding that PayU's digital wallet has contributed only 1% to the company's revenue.
- The fact that physical cash is gradually coming back into circulation, coupled with RBI's new rule waiving two-factor authentication for transactions up to Rs 2,000 is likely to temper the growth plans of the digital wallet providers

Cyber security has become more crucial after demonetization: ex-Nasscom chairman

Cyber security in India may face increased threats as digital connectivity enhances following demonetization of Rs 500 and Rs 1000 notes, said BVR Mohan Reddy, former Nasscom chairman. "With the increase in digital connectivity and with demonetization, cyber security becomes a crucial element for India," a statement quoting Reddy, also the Founder and Executive Chairman, Cyient Limited said today. "There is an existing requirement of 5 lakh cyber security professionals in India, which will grow in the coming years," Reddy said.

On the IT and ITeS industry trends and prospects in 2017, he said, skilling will play a role in transforming the organization into digital enterprise and the digital technology which is grouped as SMAC (Social, Mobile, Analytics and Cloud), contributes to 5-10 percent of the industry revenue. However, it is anticipated that the digital solutions will touch 60 percent in 5-10 years. "The incoming new projects will need combination of multiple technologies, and has to be build by smaller teams in shorter cycles. The need will be for multi-skill high performance organizations. To address the changing needs, workforce has to be reskilled more often and needs different approach," he said.

Developing the local markets into a technology consuming market will be a key challenge and the country is yet to be known as technology consuming country. According to him, the IT industry

went through peaks and lows during 2016 on account of volatile political, economic and technological environment globally.

In spite of all the uncertainties, India's market share continues to be at 7 percent of the global software and IT services spend, and 57 percent of global IT services is outsourced to India. The IT BPM industry is poised to grow at 8-10 percent for the FY 2017, demonstrating sustained growth, he said.

Conclusion:

The electronic goods and digital transactions are playing a major role in the e-payment for any mode of transaction.

Digital transactions are being exploring the easy mode of adopting technology to serve the cashless transactions and more accessible and reliable education to all. The internet is playing a major role in the communication and the present society

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