



MANNAR THIRUMALAI NAICKER COLLEGE (AUTONOMOUS)

A Linguistic Minority Co-Educational Institution, Re-Accredited with 'B+' Grade by NAAC
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PASUMALAI, MADURAI-625 004.

International Conference on

"CONTEMPORARY ISSUES, CHALLENGES AND RECOMMENDATIONS ON DIGITALIZATION" CICRD-2K19

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PG AND RESEARCH DEPARTMENT OF COMMERCE

CERTIFICATE

This certificate is proudly presented to

Dr. Y. NATARAJAN Assistant Professor of Commerce

The Madurai college

has Participated / Presented the Research Paper Titled

From paper to magnetic chips - The concept

of Digitalized India.

in the International Conference on Contemporary Issues,

Challenges and Recommendations On Digitalization CICRD-2K19

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*We cordially invite you to attend the
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"CONTEMPORARY ISSUES, CHALLENGES AND RECOMMENDATIONS ON DIGITALIZATION"



Date : Friday, 4th January 2019

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Moorthy Naidu - Andalammal Seminar Hall

Mannar Thirumalai Naicker College

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From Paper to Magnetic chips – The concept of Digitalized India

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ABSTRACT: The paper traces the progression of Independent India from 1947 to Digitalized India in 2019. The positive aspects and the various schemes mobilized by our country to make its citizens financially inclusive and the drawbacks met with are analyzed. The Digital India concept, its impact and the various aspects of it are also brought out in the paper.

1. Introduction

An important move of the developing countries in the second half of the 20th Century was to aid the economically under-privileged and middle class sections of the society to raise their life standards and thereby become self-sufficient in life. To keep up to the above said purpose, the post Independent Government in India drafted the Five Year Plans which targeted at providing basic facilities to even the remote corners of our enhancing country. One another important move of the Indian Government was the Nationalization of Banks, the starting up of many Co-operative Banks, specialized sections in Nationalized Banks for Agricultural loans, Small-Scale industries and several schemes for providing financial assistance to promising entrepreneurs. Such initiatives of the Government resulted in the formation of District Industries Centre (DIC), Special Economic Zones (SEZ) like the Madras Export Processing Zone (MPEZ) and even the Electronic Corporation of Tamil Nadu (ELCOT).

But then the beneficiaries of the initiatives taken by the Government were not exactly the targeted section of society to whom the Government wanted to provide all assistance possible to become self-sufficient. An analysis of the results of these schemes was an eye-opener to the Government that to enhance the self-sufficiency of the downtrodden and underprivileged the under mentioned factors have to be addressed to:

- Basic Literacy for all citizens
- Easy Accessibility to Financial Services
- Basic income should not be fixed as one of the criteria for becoming the beneficiaries of the various Governmental Schemes.

Government's measures to make citizens financially inclusive :

One of the measures taken by the Government to make its citizens financially inclusive was the setting up of various Insurance Corporations like the Government's Life Insurance Corporation (LIC), opening of rural development banks like Rural Development Banks Repatriates Cooperative and Finance and Development Bank (REPCO), National Bank for Agriculture and Rural Development (NABARD) and Industrial Development Bank of India (IDBI). All these financial institutions aimed to predominantly focus on the economically weaker sections which needed maximum support. Hence, all banks opened many branches not only in the metropolitan cities and towns but also in the remotest rural pockets of the country. Some of the schemes launched to develop India with financially inclusive citizens were the Pradhan Mantri Jan Dhan Yojana (PMJDY), Atal Pension Yojana (APY) and Start Up Scheme. Thus the various steps taken by the Government has helped people get financial products such as loans, insurance, deposits and various funds transfer services free of cost or at a very nominal cost.

But then some of the procedures and subsidies involved to avail the financial services needed an individual to produce many documents such as PAN Card, Electoral I.D. card, Driving License and Aadhar Card. Besides tribals, many people living in rural areas did not possess such documents or even had the least idea of it. After a careful study of such difficulties the Government and the Reserve Bank of India urged the various financial service providers to go in for "no frills account" which will certainly help many more rural Indians to become financially inclusive. It was the Nachiket MOR Committee, that insisted on a universal bank account for all Indians above 18 years of age by 1st January 2016. The Deepak Mohanti Committee was

by the Reserve Bank of India in July 2015 to study the various strategies adopted by them to make its citizens financially inclusive.

of the major hurdles in making Indians financially inclusive were:

- i) Middlemen, in a few occasions' agents and even authorities misguide the customers for their own gain.
- ii) Accessibility to financial service providers was limited for a specific time only (10 a.m to 5 p.m)
- iii) Time consuming processes and long waiting hours to get the work done.

Digital India Scheme:

In order to rectify all the drawbacks mentioned above and also to make the maximum use of technology in particular the mobile phones, Computers and internet to which most Indian had an access the Digital India Scheme was launched by the Prime Minister Sri Narendra Modi in 2015.

Many fintech companies in India collaborate with various Banks and Non-Banking Financial Companies (NBFC's) to facilitate rural people to open and transact bank accounts through their mobile phones. Digital payment options like PayTM, use of ATM (Automated Teller Machine), use of Debit cards and Credit cards, Electronic Wallets, Internet Banking options, Unified Payment Interface (UPI), Unstructured Supplementary Service Data (USSD) are some of the facilities that make financial transactions easier, faster and secure.

Advantages of Digitalized Transactions:

Electronic wallets or e-wallets on the other hand help customers to carry out daily transactions hassle free. These e-wallets are useful for payment in grocery stores utility bill payments and even in mobile recharges.

Such introduction of e-wallets play a major role in the economical progress of the country too. Many service providers in transport sector such as OLA, Fast track, Super markets such as Big Bazaar and Reliance, food suppliers such Zomato order, Uber Eats, SWINGGY, online shopping portals such as Flipkart and Amazon accept payments through debit cards and also use swipping machines in their outlets. Nowadays many of the textile shops and grocery shops run by Indian middle class people also encourage payments through e-wallets. Customers enjoy discount offers, cash back offers and many rewards when they use digital tools during payments.

Though some of the service providers are multinational companies and earn a sizeable amount as profit they in turn increase the job markets in India. The latest regulations by many banks to get the magnetic strip ATM cards by the 31st December 2018 and encouraging the customers to withdrawal up to Rs.20,000 from the ATM's set in branches rather than from the cash counter will encourage digital banking. Such measures will develop the confidence level of the elders, thereby make them self-sufficient in their financial transactions and not be become vulnerable to electronic hawkers.

Setting up of a pan India fibre optic network, provision of wi-fi service, providing digital lockers to all citizens setting up of a number of access points are some of the digital enhancements provided by the Government to make Indians financially inclusive.

Digital financial inclusion has spread far and wide in India and has led people carry less cash and naturally the rate of pick pocketing of cash has decreased. As electronic transactions are properly recorded as messages it is easy to keep a track of the transactions. Even if debit or credit cards are stolen it is possible to block the cards whereas if money is stolen it is not easy to get it back. All electronic transactions are user friendly. This helps as to carry out the transactions without the interference of middlemen.

Limitations of Digitalized Transactions:

Every new initiative always has its drawbacks tagged to it.

One of the major drawbacks of digital financial inclusion is the risk of identity theft. The theft or loss of your mobile adds to the misery. Under such circumstances all digital data gets stolen. Elders and techno unsavy people face the utmost difficulty. They get cheated by phishing. This sort of a fraudulent activity results in severe psychological collapse and financial turmoil for the victims. Use of credit cards leads to overspending because people are basically calculative when they handle cash rather than with digital transactions.

New high tech fraud called the Sim Swap Fraud where the mobile phone network goes blind and hawkers trap you to press a key and thereby the mobile is hacked and within a second all bank accounts of the individual are emptied. This is a trap for customers having mobile banking accounts.

Conclusion