



MMK: ACE
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STUDENT'S SPECIAL ISSUE

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(PRINCIPAL)

Dr. AASHISH S. JANI
(EXECUTIVE-EDITOR)

FROM THE DESK OF THE EDITOR...!

After Covid-19 the education world has been changing very fast with drastic major changes in the research dimensions. UGC and MHRD have launched many virtual platforms with online depositories, e-books and other online teaching/learning materials. Combination of the traditional technologies' with mobile/web technologies to a single platform with depositories would enhance better accessibility and flexibility to education.

The main objectives of NEP 2020 clearly define the pivotal role in catalysing interdisciplinary /multi-disciplinary research culture at UG level.

Students' research at undergraduate and post graduate level is the key to success towards real life education. Implementation of this student centric research requires establishment of the Academic Bank of Credits (ABC), a national level facility which will be a bank for academic purposes with students as academic account holders. A minimum of 20 credits of the 160 credits in four years undergraduate degree programmes will be earned via research activities according to guidelines prepared under NEP 2020.

Further, it will encourage and make it possible for all students to open an academic bank account to commute credits to award any degree/research fellowship/certificates.

The ability to integrate classroom knowledge with practical problems is important to decide research problems of the real world and to provide realistic solutions for the same. Four years Undergraduate bachelor's degree programme objectives are clearly defined in these directions. This calls for developing research experiences in students and developing system of offering real life research projects with keen interest towards pursuing realistic research projects. Here role of research organisations, higher institutions or research centre can support research internships as providers.

Keeping such ideas in mind, I feel humbled to bring out the Third students special Issue of our reputed E-Journal "MMK: ACE", including research papers for the first time from students' community at various undergraduate, post graduate and Doctoral level Programmes of our College. This volume develops the fact finding empirical approach among students community at higher education.

I extend my sincere gratitude to the Management of H.S.N.C. Board and our respected Principal Prof. Dr. CA Kishore Peshori for their constant support and motivation towards a strong Research foundation.

Finally, a big thank you to the Peer-reviewers and Publishing House for helping us in publishing this E-Journal. I invite feedback and suggestions from our Readers, Researchers and Academicians for further improvement in our E-Journal "MMK: ACE".

Dr. Aashish S. Jani
Vice-Principal & Executive Editor

PRINCIPAL'S MESSAGE...!

Dear Members of the Academia,

It brings me immense joy and pride to witness the continued growth of SMT. M.M.K. College, especially in the realm of research, as evidenced by the expansion of our esteemed Research Centre in Commerce (Business Policy & Administration) and the recent approval in Accountancy.

I extend my heartfelt gratitude to the dynamic editorial team, led by Dr. Aashish Jani, Vice Principal, for their unwavering commitment and dedication to advancing the cause of research at our institution. Their tireless efforts have played a pivotal role in steering our academic community toward the frontiers of knowledge.

In the spirit of our rich cultural heritage, I am pleased to include a Sanskrit shloka in this research endeavour, symbolizing the fusion of tradition and progress in our scholarly pursuits:

“चरैवेतिचरैवेति...”

“Keep Walking, Keep Walking”,

The present focus on student-centric research in this Third edition of MMK: ACE is indeed a commendable initiative taken at the opportune moment. It reflects our collective commitment to nurturing the research acumen of our students, a vital aspect of our academic mission.

I express my sincere appreciation to the Research Committee, whose proactive approach has not only fostered the development of new faculty but has also provided a platform for meaningful research at both undergraduate and postgraduate levels. The previous volumes of MMK: ACE have been well-received by the academic community, and I am confident that this edition, emphasizing student research, will further elevate our standing.

Kudos to the editorial team for curating diverse themes that delve into various facets of the Economy and Education sector. I extend my appreciation to the Course Coordinators, specialized students, academicians, research guides, and scholars whose valuable contributions have enriched the content of this journal.

I applaud the continuous efforts of the editorial board in cultivating and promoting a robust Research Culture across all multidisciplinary programs. Your dedication is instrumental in inspiring our faculty and students to embrace the role of researchers and critical thinkers.

As we embark on this intellectual journey through the pages of MMK: ACE, I wish the entire team the very best. May the ideas shared in this volume pave the way for positive outcomes and catalyze many more students and teachers to embark on the rewarding path of research and scholarly exploration.

With warm regards,

Prof. Dr. CA Kishore Peshori
(Principal)

CONTENTS
RESEARCH PAPERS & ARTICLES ON ACCOUNTANCY

PAPER I.D & PROGRAMME	RESEARCH TOPIC	AUTHORS
<i>IJISRT22NOV032</i> (M.COM.)	A Study Of Mergers And Acquisitions In India & Their Impact On Financial Performance	Dr. Meena Kumari & Ms. Shaikh Noorjahan Begum Murad Hussain
<i>IJISRT22DEC1506</i> (PH.D. ACCOUNTANCY)	Analytical Study On Various Heterogeneous Valuation Techniques Followed In Balance Sheet	Dr. Meena Kumari & Ms. CA Asmita Agrawal
<i>IJISRT23JAN439</i> (PH.D. ACCOUNTANCY)	Opportunities and Challenges of Rural Areas of Maharashtra State	Dr. Jayesh K. Rana & Ms. Bhavana T. Shinde
<i>IJISRT23JAN051</i> (PH.D. ACCOUNTANCY)	A Study On Financial Risk Management Specifying Incomplete Construction Projects In Real Estate	Dr. Jayesh K. Rana & Anil N. Tike
<i>IJISRT23DEC1003</i> (PH.D. ACCOUNTANCY)	A study on the perception of Indians towards Gold as the Safest Alternative	Dr. Jayesh K. Rana & Ms. Rachel George
<i>IJISRT23DEC240</i> (PH.D. ACCOUNTANCY)	A Study on Tata Technology IPO	Dr. Jayesh K. Rana & Mr. Bhavesh Dilip Khanted
<i>IJISRT22NOV026</i> (B.F.M.)	A Study On The Growth of Mutual Fund Industry In India From Period 2017-22	Ms. Harsha Hardasani & Mr. Vinay Bafna

CONTENTS

PAPER I.D & PROGRAMME	RESEARCH TOPIC	AUTHORS
<i>IJISRT22NOV028</i> (PH.D. COMMERCE)	The Influence Of Corona virus Pandemic On The Indian Digital Payments Ecosystem	Dr. Aashish S. Jani & Mr. Kayzad F. Dadachanji
<i>IJISRT22NOV029</i> (PH.D. COMMERCE)	Revival Of Hotel Industry With The Latest Trends: Post Pandemic Period	Dr. Aashish S. Jani & Ms. Jasmine Gulshan Rai
<i>IJISRT22NOV030</i> (PH.D. COMMERCE)	A Comparison Of The Effectiveness Of Learning In The Physical Classroom Versus Online Learning For Students During The COVID-19 Pandemic	Dr. Aashish S. Jani & Ms. Revati Hunswadkar
<i>IJISRT22NOV031</i> (PH.D. COMMERCE)	A Study of Various Social Security Measures of The Government With Special Reference To Retirement Schemes	Dr. Aashish S. Jani & Ms. Mamta Meghnani
<i>IJISRT23DEC243</i> (PH.D. COMMERCE)	Factors Affecting The Longevity of Startups	Dr. Aashish S. Jani & Mr. Darshan Panchal
<i>IJISRT23DEC241</i> (M.COM.)	Role Of Forensic Audit In Preventing & Detecting Financial Frauds	Prof. Shreekumar Menon & Danish Mohd Farukh Shaikh
<i>IJISRT22DEC1503</i> (PH.D. COMMERCE)	A Study On Consumer Behavior Towards Buying Electric Vehicle In KDMC	Prof. Vishal R. Tomar & Ms. Jyotsana Suraj Agarwal
<i>IJISRT23DEC247</i> (PH.D. COMMERCE)	Unleashing Potential: Navigating Opportunities And Challenges In India's Evolving Gig Economy	Prof. Vishal R. Tomar & Mr. Ravi Rakesh Singh

<i>IJISRT23DEC244</i> (<i>PH.D.</i> <i>COMMERCE</i>)	A Study On Opportunities & Challenges Posed By Ai Among College Students In Mumbai	Prof. Vishal R. Tomar & Ms. Aditi Kapoor
<i>IJISRT23DEC245</i> (<i>PH.D.</i> <i>COMMERCE</i>)	Opportunities And Challenges Of Tourism Industry In Ratnagiri District	Prof. Vishal R. Tomar & Mrs. Veena V. Sawant
<i>IJISRT23DEC248</i> (<i>PH.D.</i> <i>COMMERCE</i>)	Opportunities And Challenges Of Entrepreneurs In Sustainable Development Of Power Loom Sector (With Special Reference To Bhiwandi)	Prof. Vishal R. Tomar & Ms. Kamini Pawar

CONTENTS
RESEARCH PAPERS & ARTICLES ON ECONOMICS

PAPER I.D & PROGRAMME	RESEARCH TOPIC	AUTHORS
<i>IJISRT23JAN440</i> (<i>B.M.S.</i>)	Rebooting The German Economy Through Digitalization	Dr. Sheetal Chaddha & Mr. Santosh Gupta, Mr. Aniket Pujari, Mr. Durvankur Mukadam
<i>IJISRT22NOV027</i> (<i>B.B.I.</i>)	A Study Towards The Awareness And Impact Of Covid-19 On Health Insurance Sector In India	Ms. Prajakta Paralkar & Ms. Ayesha Iqbal Khair

The Influence of Corona Virus Pandemic on the Indian Digital Payments Ecosystem

MMK:ACE VOLUME 3:PAPER NO. 03

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Abstract:- The Corona virus pandemic in India resulted in lockdowns and restrictions which led to more and more people resorting to digital modes of payment as it was safer. This research paper attempts to study the influence that Covid 19 is having on the Digital Payment Sector in India. Also, the challenges faced by the Digital Payment Sector has been highlighted in the paper. Further, certain suggestions have been provided for retaining the existing users of digital payments mode and also attracting new people to adopt digital payment modes so that the goal of “Digital India” in true sense is achieved.

Keywords:- Covid 19, Digital Modes of Payment, Indian Economy.

I. INTRODUCTION

India witnessed one of the most lethal pandemics of the century in the form of COVID 19 in March,2020 whereby the entire country was in lockdown mode. There were large scale restrictions imposed by the Government of the country to safeguard its population. This lockdown had a severe impact on the country as people were confined to their residential homes and businesses were disrupted. Technology played a very crucial role by helping the businesses to conduct their trade online and work from home became the new norm. It was this advancement in technology which permitted online purchase and sale of transactions.

For online purchase of goods, people resorted to digital modes of payment like plastic cards, net banking, UPI, QR codes etc. Online mode of payments was preferred during the lockdown as people were scared of dealing in physical cash as they believe that virus could also transmit through notes and coins, so digital modes of payments appeared safer as there was no physical contact.

The Government of India since the last decade is pushing for the use of digital modes of payment as it brings in more transparency and curbs corrupt and illegal practices. The Government had initiated various schemes to promote digital modes of payment like the Jan Dhan Yojana and demonetization.

But it was COVID 19, that made more and more people resort to online modes of payment. Through this research paper an attempt is made to understand the impact covid had on the digital payment sector of the country. It is quite obvious that during the lockdown period there was a rise in the digital transactions in the country and also an increase in the number of digital users but has the country been able to maintain that increasing trend of number of people resorting to digital payments, the research paper tries to seek an answer to this question.

II. REVIEW OF LITERATURE

- Mate, R. and Kapdi, A (2021), Impact of Covid on Digital Payment Usage in India, Anvesak, Vol. 51, No.2 (III) (pp 78-87) attempted to understand the importance of digital payment modes in the times of pandemic and also the perceptions of consumers with regards to usage of digital payments. Their studies concluded that there was an increase in the number of e-commerce transactions and users during the pandemic as people preferred the digital modes as payment could be made from the comfort of their homes without them having to venture out.
- Panwar, M. et. al., (2020), Impact of Covid 19 on Digital Payments, World Journal of Innovative Research, Vol. 9, Issue 4 (pp 77-81) tried to study the impact of covid 19 on digital payments and the mode of payments preferred by the customers during the pre and post covid periods. They concluded that Covid 19 is a silver lining as far as acceptance of digital modes of payments in India is concerned. They also stated that lack of awareness about digital payment modes and the costs involved with are the prime reasons for people's reluctance to use digital payment alternatives.
- Singhal, R. and Gupta, A. (2021), Impact of Covid 19 on Digital Payment Services at towns and villages, International Journal of Creative Research Thoughts, Volume 9, Issue 5, (pp 585-594) have stated through their research work that there will be a continuous increase in the adoption as well as the use of digital payment as people are educated about its importance and relevance.

- Yadav, P. and Sinha, V. (2022), Paradigm Shift of Digital Payments in India, Journal of Management and Entrepreneurship, Vol. 16, No. 2 (II), (pp 30-36) tried to understand and interpret the trends in the Indian Digital Payment System during Covid times. They are of the view point that the start up ecosystem can play an important role in overcoming the challenges that are being faced for adoption of digital payments and also stress on the need to create a strong robust digital payment eco system in line with the goals of the Government targeted towards financial inclusion.
- Mistry, D. and Vyas, P. (2022), Impact of Covid 19 on Digital Payments in India with special reference to *99# services, ComFin Research, Vol. 10, No. 1, 2022 (pp 1-9), tried to study the impact of covid on digital payments with a special reference to *99# services. They concluded that there was a decrease in the number of banks live on *99# during the Covid Pandemic and also a decrease in the value and volume of transactions through *99#. The authors feel that this is due to easier availability of smartphones which has resulted in a greater number of users preferring mobile banking and UPI as compared to *99# services.
- Saroy, R. et. al. (2022), The Impact of Covid 19 on Digital Payment Habits of Indian Households, Bulletin of Monetary Economics and Banking, Special Issue (pp 19-42), concluded through a large survey of data that there is a shift towards digital modes of payments. They further state that awareness about digital payments is vital to attain the goal of Digital India. The pandemic has brought more middle-aged people under the ambit of digitalisation, however the elderly still prefer cash. They are of the opinion that the trust of the people in digital modes of payment should be retained.

III. OBJECTIVES

- To discuss the growth in digital modes of payment in India and the role played by Covid in that.
- To outline the hurdles that propel the customers to refrain from digital modes of payment.
- To suggest measures to retain the customers who have adopted digital payment modes and also to bring more people under the umbrella of digital payments so that goal of Digital India can be realised

IV. RESEARCH METHODOLOGY

The entire research paper is based on secondary data obtained from websites, peer reviewed scholarly research articles and financial newspapers and reports published by the Reserve Bank of India. No primary data has been used.

V. DISCUSSIONS

The Government of India right from 2015 has given impetus to digitalisation. The Government is constantly striving to improve the technological infrastructure so that people can avail digitalized services as it promotes transparency and curbs black marketing and unethical trade practices.

“Digital Payment” can be defined as those transactions where electronic mediums are used for transfer of money by both the parties to the transaction – the payer as well as the payee. These transactions are conducted online without any involvement of physical transfer of money. (Bhatia, 2021).

In India there are a wide range of payments options available especially when it comes to digital payments. A few prominent digital payment options are stated below: -

- Banking Cards
- Point of Sale (POS)
- Internet Banking
- Unstructured Supplementary Service Data (USSD)
- Bank Prepaid Cards
- Micro-ATMs
- Unified Payment Interface (UPI)
- Mobile Banking
- Mobile Wallets
- Aadhar Enabled Payment System (AEPS)
- Bharat Interface for Money (BHIM) App.

A. Covid 19 and the rising digital payments in India.

The Coronavirus Pandemic wreaked a havoc in the lives of people in India as it had done throughout the world. India started reporting regular cases of Coronavirus from the last week of March, 2020. With no proper medical treatment known to tackle this virus and its highly communicable nature, the Government of our country imposed a lockdown whereby people were confined to their homes and movement of the people being prohibited as there was a constant fear that they may also get exposed to the virus.

Slowly people started getting used to this lockdown and restriction related situation and they made the use of technology for conducting their day to day as well as job or profession related operations. Work From Home and online purchase through e commerce sites became the new norm.

During these testing times, the digital modes of payment were preferred and adopted by a majority of the population as the digital payments could be made from the comfort of the house and the most important factor was that there was no physical contact while making digital payments, as physical contact was one of the ways of catching the highly communicable coronavirus.

The first wave of the Coronavirus also known as the Wuhan Strain witnessed a rise in the number of cases from the end of March, 2020 and it reached its peak in the month of September, 2020. The second wave of the Coronavirus also known as the Delta Variant began in March, 2021 which was the more devastating one as the country reported shortage of oxygen cylinders, hospital beds and vaccines. The rise in the cases was reported till August of 2021. (Covid 19 Pandemic in India)

These rising cases compelled the government to impose stricter curbs having an adverse effect on the economy of the country. As stated earlier, people preferred digital payments during pandemic as they were considered to be safe, through this research paper, an attempt is being

made to study that whether that rise in digital payments was only temporary or was it of a more permanent one.

The digital payments figure for the year prior to covid (financial year ending 31st March, 2020) are compared with figures for the year during covid (financial years ending on 31st March, 2021 and 31st March, 2022)

Table 1: Information about the volume of digital payment transactions

PAYMENT SYSTEMS	Volume (in lacs)		
	2019-20	2020-21	2021-22
RTGS (Retail Segment)	1507	1592	2078
Credit Transfers	206297	317868	577632
Debit Transfers and Direct Debit	6027	10457	12222
Card Payments	72384	57787	61786
Prepaid Payment Instruments	53811	49743	65812
Total Digital Retail Payments	340026	437447	719530

Source: Reserve Bank of India (Annual Report 2021-2022)

From the above table, it is evident that there has been a rise in the volume of digital transactions. The Year 2019-2020 is the year before covid and the years 2020-2021 and 2021 -2022 represent the years affected by Covid. All the Payments Systems with the exception of Card Payments (and Prepaid Payment Instruments for the year 2020-21)

have reported an increase in the volume of transactions during the Covid times as compared to the period Covid. The possible reason for the decrease in the volume of card payments transactions can be the emergence of UPIs, IMPS and NEFT technologies. Also, card payments at times also involve a cost.

Table 2: Information about the value of digital payment transactions

Payment Systems	Value (in lac crores)		
	2019-20	2020-21	2022-23
RTGS (Retail Segment)	1311.56	1056	1286.58
Credit Transfers	285.57	335.04	427.23
Debit Transfers and Direct Debit	6.06	8.66	10.38
Card Payments	14.35	12.92	17.02
Prepaid Payment Instruments	2.16	1.98	2.94
Total Digital Retail Payments	1619.7	1414.6	1744.15

Source: Reserve Bank of India (Annual Report 2021-2022)

The above table shows that in spite of increase in the volume of transactions of RTGS during the year 2020-2021 and 2021-2022 as compared to 2019-2020 there has been a decrease in the value of these transactions. The value of card payments and prepaid instruments is less in the year 2020-2021 as compared to 2019-2020, this may be possibly due to decrease in the disposable of income in the hands of the customers due to Covid 19 and its severe impact on the economy. However, during the year 2021-2022, there were fewer lockdowns and restrictions making it somewhat possible to conduct business in the normal manner, hence resulting in an increase in the value of digital transactions.

The Reserve Bank of India has created a composite Digital Payments Index (DPI) to measure the reach of digitization of payments round the country. This index enables the regulator to understand the effect and spread of digital modes of payments in urban areas, semi urban areas and rural areas, as well as understanding the influence of policy decisions undertaken by the Reserve Bank of India. The Digital Payment Index includes five broad parameters which enables to measure the extent of penetration of digital payments over different time periods in the country.

Table 3: Parameters of Digital Payment Index with their weightage

Serial Number	Parameter	Weightage (in terms of percentage)
01	Payment Enablers	25
02	Payment Infrastructure – Demand Side Factors	10
03	Payment Infrastructure – Supply Side Factors	15
04	Payment Performance	45
05	Consumer Centricity	05

(Digital Payments Index :- RBI, 2021)

Table 4: Period wise RBI Digital Payment Index

Serial Number	Time Period	RBI Digital Payment Index
1	March 2018 (Base)	100
2	March 2019	153.47
3	September 2019	173.49
4	March 2020	207.84
5	September 2020	217.74
6	March 2021	270.59
7	September 2021	304.06
8	March 2022	349.30

(Das, 2022)

The RBI Digital Payment Index has increased by 29.08 percent in March 2022 as compared to March 2021. This as per the official statement of Reserve Bank of India released on 27th July, 2022, “demonstrates significant growth representing the quick and rapid adoption of payment via digital mode in recent times across the country.”

B. Hurdles in the path of adoption of digital payment in India.

In spite of the figures and statistics demonstrating continuous growth in the volume and value of payments of transactions digitally in India, there are still a few hurdles that we need to overcome to bring about the true understanding of the potential of digital payments. These factors have been discussed below

- The dilemmas of small merchants: - The small merchants are extremely suspicious of parting with their products and not receiving the payment for the same by the next day. This problem is on account of two factors
- ✓ Inadequate knowledge and awareness on the part of small traders regarding the functioning of the digital payments system and electronic confirmation.
- ✓ Highly complex and time-consuming dispute management process.

The digital payment confirmations are in the form of smses or in the form of printed slips in English. The small merchants in India are generally not very well versed with the English language. In the times of resolving the disputes of merchants, certain technical terms are used making it even more difficult for the small merchants.

- Every payment transaction has three parties to it: - the bank accepting the transaction, a network like Mastercard, Visa or Rupay and the issuer i.e., the bank with the account of the customer, finding the main cause of the problem becomes difficult. The merchants in majority of the instances do not read the agreements while accepting digital payments which states that in case of disagreement on the dispute between the accepting and issuing bank, the merchant would bear the loss.

For small merchants who have very little time at their disposal for disputes, this further reduces their trust in digital payment and they again shift towards cash.

- Inferior Quality of Internet: - India still has severe problems when it comes to internet connectivity especially in remote and rural areas. The continuous

competition between the services providers has resulted in price wars between the companies and severe impact on the quality. The companies do not have a huge budget for creating a quality network for better services. Covid 19 has further increased the load resulting in a further strain on our technological infrastructure. Payment traffic has certain specific requirements unlike the regular web browsing sessions resulting in time outs and frustration on the part of parties to online transactions as the customer receives the confirmation of payment while the merchant is unable to receive any confirmation. This further contributes to the unwillingness on the part of the population to use digital payment modes.

- Online Frauds: - India is more prone to hacking or any other cyber-attacks and is ranked only after the United States when it comes to hacking attempts. Insufficient investment in security technology and little or no awareness on the part of the public dealing with data in bank and fintechs are the main reasons for this. Stricter laws need to be placed especially when it comes to cyber fraud so that people will not resort to hacking and other online frauds. At the same instance, better investments in security infrastructure and banks and fintechs pulling up their socks, will slowly but surely minimize the instances of online and cyber frauds. (Agrawal, 2021)

C. Measures to retain and attract more customers towards digital payments in India.

As discussed earlier, undoubtedly there has been an increase in the digital payments in India but we also need to keep in the minds the concerns of the people using digital modes of payments.

According to PR News Wire, more than two thirds of the digital payment users are worried about their security while entering into online transactions as their personal information is collected while initiating payment transactions digitally.

These and other issues of the customers should be addressed as soon as possible so that people become more confident while initiating online transactions and also encourage more people to adopt digital payments. (Gundaniya)

Here, a few measures are stated to retain the existing digital payment users and attracting more people to adopt digital payments.

➤ *Minimum time between initiation and completion of payments*

The shorter time period between the initiation and completion of payments will attract more customers to digital payment modes.

A Forbes Report states that roughly 68% of the potential customers who browse through the products online never complete their purchase. A major factor responsible for this is the lengthy process of online payment involving unnecessary steps, at times also requiring surveys and customers registration while paying online.

Demanding minimal information and keeping the checkout process on single page will prove to be highly fruitful in ensuring that customer will successfully complete their online purchases.

➤ *Inclusion of Maximum banks and Financial Players*

With the growth of online businesses and also the rise in e-commerce transactions, more users with every passing day are resorting to digital modes of payment. With the increase in the number of users, it is highly desirable that maximum banks and financial corporations have tie ups across systems so that there is no problem experienced by the users of peer-to-peer payment apps.

➤ *Incentive/ Loyalty Programs*

Rewarding customers when they make payments online is an attractive way to make digital payments more effective. A Loyalty Program which gives rewards to the customers in the form of cashbacks and discounts whenever they make a digital payment should be introduced.

This will motivate the customers to use digital payment modes while purchasing as in addition to the product they are also getting some rewards. This definitely does contribute in retaining the customers who have already adopted digital modes of payment but also attract more people to start making use of digital methods of payments.

➤ *Compatibility*

The digital payment should be well-matched across different problems, if the digital payment is suited only for one platform and some set of systems and it is not much compatible with others, it will result in lot of inconvenience for the customers. The customer will also have a predicament about whether his payment is accepted or not by the platform. Any digital payment solution needs to have standardization through all platforms so as retain its customers.

➤ *Educating the customers*

In our country people are reluctant to change, they fear trying out something new and this behaviour increases manifold if money is involved. Even today inspite of the rise in digital payments in India, there are still people who are very scared of using digital payments. These customers need to be properly educated and informed about the benefits of digital payments, it is important to win their confidence and divert them towards digital modes.

➤ *Standardization of Payment Process*

For carrying out digital payments, different mechanisms are adopted by different browsers. Similar variation is also observed when different types of devices are in use.

It is very important to have a uniform payment process across all types of devices, gateways and devices.

Important information like card info, password is used for digital payments. Hence, redirection, pop ups and verification through OTP should be standardized across all browsers and it must be safe from all types of online threats. This will further increase the confidence of users in the digital modes of payments.

➤ *Fewer Redirects*

When a customer is making a digital payment, he is directed to different pages which could be the page of bank, OTP or payment gateway. These redirects cause unnecessary delay and at the same time, it increases the risk of payment failure and also poses security threats. Thus, it is desirable for a digital payment solution to have fewer redirects.

(Gundaniya, seven ways to make digital payment methods more effective, 2020)

VI. CONCLUSIONS AND RECOMMENDATIONS

The Covid 19 cases were on the constant rise in India and lockdowns were imposed during the first and second wave of the virus. However, with the introduction of vaccines and exposure to virus, people have developed hybrid immunity and also the new variants of the virus have been milder and hence in January, 2022 when the Omicron variant was on the rise, the Government did not resort to lockdown and the businesses did not suffer to a great extent. The Covid 19 has undoubtedly resulted in rise in digital payment transactions in India as more people started using it as it was safer and there was no need to venture out to make payments.

From the figures available on the websites of RBI and as discussed earlier, there is a rise in the digital payment transactions in India during the year 2020-2021 where lockdown and other strict restrictions were in place. However, it is very heartening to report then during the Year 2021- 2022 there is a rise in both the volume and value of digital transactions as compared to the Pre-Covid year of 2019-2020. Thus, there is a constant rise in the digital payments in India which is a very good sign for the economy. As per the study by PhonePe and Boston Consulting Group, the Indian Digital Payment Market is expected to more than triple to approximately 10 trillion dollars by 2026. The United Payment Interface (UPI) introduced by the National Payments Corporation of India is said to grow significantly and account for 73 percentage of all digital payments volume by the Financial Year 2026. (India's digital payments market will triple to \$10 trillion by 2026: PhonePe-BCG study, 2022)

The Government is very much on course of achieving its goal of digitalizing the economy which is highly desirable as it promotes transparency. What is required on the part of the Government is to invest in technological upgradation so that there is high speed internet connectivity even in the remotest area of the region. The smartphones cost and the cellular cost are pretty much affordable in India as a result the number of smartphone users in India is on the constant rise. With more smartphone users there will be more digital payments.

The Government with the help of Banks and Fintech firm has to come up with an even safe and robust payment system so that instances of online fraud and theft are at their lowest. Another important thing is educating the customers and raising awareness about the digital payment systems as it is highly beneficial for the customers as well as the economy.

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