Journal of Political Sciences & Public Affairs

Niranjan, J Pol Sci Pub Aff 2017, 5:3
DOI: 10.4172/2332-0761.1000272

Research Article OMICS International

A Case Study of Barriers to Digital Financial Inclusion of Auto-Rickshaw Drivers in Viman Nagar, Pune, Maharashtra

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Received date: March 09, 2017; **Accepted date:** July 21, 2017; **Published date: July** 26, 2017

Abstract

Post-demonetization of the 8th of November, 2016, the government of India changed the stated objective of this move from that of reducing black money in the economy to creating a cashless economy. With Prime Minister Narendra Modi incentivizing digital transactions, financial inclusion has assumed importance for its necessary role in engendering a cashless economy. This study looks at auto rickshaw drivers in Viman Nagar, Pune to look at the barriers to digital financial inclusion. The study proposes different hurdles that the Indian government and banks need to tackle to not only give the urban informal laborers bank accounts but to accommodate them into digital mediums of transaction.

Keywords: Digital transactions; Political system; Black money; Information Technology

Introduction

On November 8th, 2016 when Prime Minister Narendra Modi made an announcement declaring that notes worth INR 500 and INR 1000 would be illegal tender from midnight. The initially stated objective of this move was to tackle the issue of black money [1] which has been an acknowledged lacuna in the Indian political system since Independence but became a poll issue in the past General Elections due to the alleged scams under UPA-II and the Anti-Corruption Movement of 2012 led by Anna Hazare.

A World Bank Report from 2010 estimated black money in India to be 23.2% of the GDP in 1999, decreasing to 20.7% in 2007 below the global average of 31% [2]. A report by National Institute of Public Finance Policy (NIPFP) from 2014 was said to have estimated black money to be as high as 75% of the GDP. Considering that only 3.81% of the Indian citizenry paid their income taxes in 2013-14, the estimation of black money is considered to be a substantial amount of the economy [3]. Illicit transactions are estimated to lower under a cashless economy where transactions are recorded electronically.

86% of the currency in the Indian economy was composed of INR 500 and INR1000 notes on the eve of demonetization. After a couple of weeks, it was realized that most of the currency had been returned which meant that not a large proportion of the black money was captured or present in the first place. The argument of black money and black wealth was raised at this point which stated that only 1% of the black wealth made up the black money, rest was in the form of investments and purchases.

Between 8th November and 27th November the government changed its stated goal from that of removing 'black money' and 'counterfeit currency' to making India a cashless economy. The only problem being that India has a large population which is unbanked. This is a major hurdle in creating a cashless economy since most cashless forms of payment need a bank account as a prerequisite.

India's unbanked population

Statistics on India's unbanked are contradictory considering that a circular from the government in June, 2016 stated that 40% of the Indians were outside the ambit of the formal banking institutions [4]. Despite a survey in 2015 claiming that 99% of the households had bank accounts, more recent data from the government and other sources make this figure seem inaccurate [5]. Data from November 2016 claims that over 167 million Indians still do not have bank accounts despite the success of Prime Minister Jan Dhan Yojana (PMJDY) which is credited for halving the number of unbanked between 2011 and 2015, reducing it from 557 million to 233 million according to report from 2014 [6].

Given the high number of the unbanked population, the government's agenda to achieve universal financial inclusion becomes central to their agenda of shifting from cash to digital payments. Since one needs to have a bank account to use e-wallets, debit cards, credit cards, or payments gateways such as United Payment Interface (UPI), financial inclusion becomes essential to achieve this target of a cashless economy.

One month after demonetization, on the 8th of December, the government announced 11 measures the Centre took to incentivize digital transactions. The 11 measures provided discounts to those who used cashless forms of payment in Public Sector Undertaking (PSU) companies.

PM Modi in his "Mann Ki Baat" address on the 25th of December, 2016 spoke of the need to use alternative methods of payment without relying on cash. He mentioned the launch of two schemes to encourage cashless transactions. First scheme being the 'Lucky Grahak Yojana' for consumers and the second scheme being for traders called the 'Digi Dhan Vyapar Yojana' [7]. These two schemes have cash prizes that go up to INR 1 crore with weekly prizes of lesser denomination.

Informal economy as a hurdle

The informal economy and its dependency on cash transactions pose a hurdle to this transformation to a cashless system. Considering that 92% of the Indian economy is made of informal workers, who contribute around 50% of the GDP, 80-90% of whom are paid in cash which are often undeclared assets, the importance of cash in the Indian economy becomes fairly high (Jain, 2016). Moreover, India is currently running on cash as high as 12-13% of the GDP which is the highest among the BRICS nations and is much higher than most developed nations and emerging economies like Indonesia (5%) and Brazil (3%).

Options in a cashless economy

Newer forms of payment have been recently developed in India which could greatly assist in this shift from a cash-dependent economy to a cashless economy. These have largely been technology-driven platforms due to the 'Digital India' initiative. One of the professed roles of Digital India programme is 'Faceless, Paperless, and Cashless'. These new forms of payment include

1. United Payment Interface (UPI) enables a person to connect multiple bank accounts into one phone through an application. It allows transfer funds from one UPI account to another through a smart phone connected to the internet.
2. Mobile wallets like Paytm, Free charge, Jio Money and SBI Buddy amongst others where money from your account can be transferred to the wallet to send it to another person using their mobile number and bank details. This too requires a smart phone or tablet or smart watch, and internet data.
3. Pre-Paid Debit Card or Credit Cards can be used at ATMS and PoS (Point of Sale) machines by swiping cards
4. Aadhar Enabled Payment Systems (AEPS) allows funds to be transferred by using Aadhar numbers seeding with bank accounts. It allows interoperable financial transactions at PoS/ Micro ATM through Business Correspondent (BC)/ Bank Mitra of any bank using Aadhar authentication.
5. Unstructured Supplementary Service Data (USSD) allows funds to be transferred using just the mobile without internet by dialing *99#,
6. Banking Cards such as RuPay Cards, VISA, Master Card are card producers which offer several benefits like payment transactions, customized product offering and more security, convenience and control than most cashless forms of payment.
7. Point of Sale (PoS) is the place where sales are made. There are three kinds of PoS, Physical, Mobile and Virtual. All three need internet connectivity.

Purpose of the study

With these multiple options in hand for the shift to take place, it becomes important to assess the fundamental problems being faced. Firstly, universal financial inclusion is yet to be achieved, secondly, usage of these bank accounts for increasing economic mobility is not taking place which is understood through the high number of dormant accounts, and thirdly, mediums like smart phones and internet connectivity are still unaffordable to a sizeable population denying them access to digital forms of transaction. All these shortcomings assert the importance of studying the barriers to digital financial inclusion which this study undertakes.

Methodology

This will be a case study of two auto rickshaw drivers, studying their usage of bank accounts and digital forms of transaction. Case Study method has been adopted in order to provide an in-depth understanding of the barriers faced by auto rickshaw drivers in being digitally financially included. Unstructured interviews were conducted with 2 drivers randomly selected from auto-stands in Viman Nagar to obtain the information. Random sampling has been adopted since the drivers are often driving due to work and are not always free for interviews. Barriers to transition from cash transactions to digital transactions are the focus of these interviews.

Research question

This research paper will attempt to enumerate the demand and supply barriers to digital transactions amongst the auto rickshaw drivers in Viman Nagar [8].

Definitions of financial inclusion

According to the Dr. C Rangarajan Committee Report on Financial Inclusion, financial inclusion can be defined as, "the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low-income groups at an affordable cost." [9]. According to the Committee on Financial Sector Reforms led by Dr. Raghuram G. Rajan, financial inclusion can be broadly defined as, "universal access to a wide range of financial services at a reasonable cost. These include not only banking services but also insurance and equity products."[9]

A World Bank Report [10] stated that 'financial inclusion, or broad access to financial services, is defined as the absence of price or non-price barriers in the use of financial services.' The report stressed the difference between 'access to' and 'use of' financial services as it has certain implications for policy-makers. 'Access' purely refers to the supply of financial services whereas 'use' refers to both supply and demand.

Micro Credit Ratings International Limited's (M-CRIL) understanding of financial inclusion is not limited to the mere supply of financial services and products to the excluded population but also emphasises upon doing so in a responsible manner. Being responsible entails six principles of client protection [11]. These principles are 1) prevent over-indebtedness, 2) transparent pricing, 3) appropriate collection practices, 4) ethical staff behaviour, 5)mechanism for client protection and 6) privacy of client data.

An International Monetary Fund (IMF) report defined financial inclusion as the access to and use of financial services. They made the definition measurable and tractable by narrowing it down to certain specifics. It considers financial inclusion to multi-dimensional where the correlations should be considered seriously. The idea is that financial services should be available to as many people as possible for a variety of uses.

Definition of digital financial inclusion

"Digital financial inclusion" can be defined as digital access and use of formal financial services by excluded and underserved populations [12]. Such services should be suited to the customers' needs and delivered responsibly, at a cost both affordable and reasonable to the customer.

Importance of financial inclusion

The importance of financial inclusion is that it is useful in achieving inclusive growth which is sustainable [13]. For this reason financial inclusion has moved up the global reform agenda within circles of policy-makers, market regulators, researchers, market practitioners and banks. In the Group of 20 (G-20), financial inclusion has moved up the reform agenda. The World Bank Group considers it to be a core topic due its belief that financial inclusion assists prosperity and reduces poverty. Half of the world's adult population does not have bank accounts even though it is widely accepted that financial inclusion would benefit the poor who cannot access these services due to market failures or poorly implemented public policies.

A 2014 World Bank report not only argues that financial inclusion can reduce poverty but also highlights the importance of design of these efforts. It argues that having financial inclusion that only increases the dormant accounts is not beneficial since the account holders should also be utilizing the account to save and improve their economic situation [10]. An example of which is the case of South Africa, where in a span of 4 years 6 million bank accounts were opened, but around 3.5 million of them were dormant. Similarly, providing credit at all costs could increase social and economic instability of the economy and the account holders instead of providing stability to them. An example of this is the 2008 subprime mortgage crisis in the United States of America.

Financial inclusion is a two-step process where the only concern is not obtaining an account, which is merely the first step, but also usage of the account to improve one's economic and social situation. But it is not sufficient to infuse credit and increase the number of account holders, but also to ensure that distribution of loans does not lead to financial instability and accounts being dormant.

Factors causing financial exclusion

While we study the nature of financial inclusion, it also becomes important to understand the factors causing financial exclusion. Financial exclusion is caused due to six factors, which are 1) geographical access, wherein banks are far from the excluded, 2) access exclusion, restricted access due to bank's risk assessment process 3) condition exclusion, the conditions of the service failing to meet the needs, 4) price exclusion, charges associated with the services are not affordable 5) marketing exclusion, strategic exclusion of certain markets, 6) self-exclusion, wherein some decide to not approach banks because of ideas of being rejected.

Financial inclusion in the World

The Global Financial Index Data from 2014 reveals that between 2011 and 2014, 700 million adults became account holders. The reduction in the global unbanked reduced by 20%. Globally 38% of the adult population was unbanked in 2014. In all 2 billion adults are unbanked. In developing countries only 54% of the population is banked. Most of the banked population has accounts with financial institutions, only 2% of the adult population worldwide has mobile money accounts. In the OECD countries it is nearly universal with close to 94% of the adults have bank accounts.

In Sub-Saharan countries, 12% of the adults have mobile money accounts, half of them only have these accounts and not accounts with financial institutions. All the 13 countries where the share of mobile money banking is more than 10% are from this region. Of these 13 countries, 5 of them had adults populations have more mobile money accounts than accounts at a financial institution.

In 2014, 58% of the women had bank accounts as opposed to the 65% of the men that hold bank accounts. In developing nations, the gender gap has consistently been 9%, whereas globally it is 7%.

Financial inclusion in India

An ICRIER study placed India at 29th (out of 55 countries) on an Index of Financial Inclusion with a value of 0.2. The study also did a correlation between financial inclusion and human development. With the low financial inclusion index, the author was not surprised that India was at rank 119 in the world in terms of HDI. Financial exclusion is particularly high amongst Scheduled Castes and Scheduled Tribes.

Account penetration in India increased from 35% in 2011 to 53% in 2014. This means 175 million new account holders were there in this period. In the last 5 years, India's proportion of financially included adults has increased to 65%. Of this 65%, 23% of the accounts remain dormant.

Data from 2014 reveals that in advanced economies, account penetration was 96%, whereas in India it was 53%. The number of commercial banks catering to the adult population was three times higher than that of India. The number of ATMs in advanced economies is 11 times than that of India. While 22% of the population above 15 years has a debit card in India, the number in advanced economies was 84%.

On 28th August, 2014, PMJDY was inaugurated as a part of PM Modi's plan for financial inclusion. Under the plan, anyone could open an account without the need for putting any balance in it. Under this scheme 22 crore bank accounts were opened of which 28% were dormant in May, 2016.

Barriers to financial inclusion

There are both supply-side and demand-side barriers to financial inclusion. The most common supply-side barriers are non-availability of suitable products, physical barriers and non-eligibility on account of documentation issues. Demand side barriers are financial literacy and financial capability. Government paperwork, legal hurdles, travel distance and market failures are key barriers. But there is the recognition that most of these barriers can be overcome through implementation of better policies [10].

The supply-barrier of non-availability of suitable products is due to the fact that banks do not usually consider low-income earners to be of much importance. Since historically, banks have been catering to the rich and not the poor, commercial banks have not created financial services and products for this section of the population. Physical barriers have a similar cause since brick and mortar banks were not created in several pockets of India, especially the rural countryside. This led to banks been physically distant from several Indian citizens. The third major supply-side barrier being documentation was caused by the high number of documents demanded by banks to create accounts, take loans, etc.

Barriers can also be categorised in terms of human barriers, institutional barriers and infrastructural barriers. Human barriers include limited financial literacy, high cost, and lack of legal identity, financial status of the people, age and gender issues. Institutional barriers include lack of coordination between RBI and Government of

Citation: Niranjan JN (2017) A Case Study of Barriers to Digital Financial Inclusion of Auto-Rickshaw Drivers in Viman Nagar, Pune, Maharashtra. J Pol Sci Pub Aff 5: 272. doi:10.4172/2332-0761.1000272

India, inadequate client protection, limited understanding of customer needs, lack of quality services and inadequate regulatory framework. Infrastructural barriers include location, distance, high cost, time-consuming nature of accessing service, lack of knowledge about use of technology, lack of ICT based banking transactions and lack of incentives to BC [14].

Globally, 59% of the adults without bank accounts cited lack of money as a reason for their exclusion and 16% cited it as their only reason. The next most commonly stated reason for exclusion was that there was no need for an account and that someone in the family already had a bank account. Only 4% said that them not feeling the need for a bank account was the only reason and only 7% said that the already existent account within the family was the only reason.

Benefits of a cashless economy

In a cashless society, consumers can make their payments on the internet, at unmanned vending machine, manned POS (Point of Sale) using mobile devices, smart cards and other cards like debit and credit cards. Innovations in technology have greatly assisted financial inclusion in Sub-Saharan Africa and South Africa. With innovations like mobile payment, mobile banking and borrower identification using bio-metric data, providing access to financial services has become cheaper and more secure. According to some studies, if the regulators allow competing financial service providers and consumers to take advantage of technology, the power of this new technology can be harnessed for the purpose of greater financial inclusion.

It has been observed that cash-lite societies like Canada have the majority as banked. 96% of the adults have bank accounts. While it has been recognized that being cashless needs an increase in financial inclusion, it is not known whether financial inclusion needs cashless policies. Though several recent studies have shown that to increase financial inclusion, radical policies are required to achieve a cashless economy.

Studies have shown that with digital transactions, the transaction cost will reduce since the money spent in transit will automatically become negligible. Studies have also shown that digital transactions help reduce the burden and risk of carrying excess cash.

Nigeria is useful in understanding a cashless economy since the Central Bank of Nigeria (CBN) in 2011 brought reforms to implement a cashless economy. The policy also had the objective of reducing the bank's costs to serve, therefore making banks more affordable.

Transparency in transactions, reduction in black money in circulation, removes the possibility of physical money being stolen, useful for government for knowledge of those who come under different categories of income tax [15].

Challenges faced in cashless economies

Both Kenya and Nigeria have implemented policies that have made them substantially cashless with a huge dependency on M-Pesa in Kenya and GSM phones in Nigeria which allows funds to be transferred.) Found that variables like awareness, payment infrastructure and enhancing user-value propositions to have a significant impact on financial inclusion. Infrastructure was the most significant followed by customer value and awareness [16].

One of the problems faced in Nigeria was the high cost of access of the devices required for cashless transactions. Apart from the electronic equipment, the users also need to purchase access to networks which connect them to the internet. Another major problem experienced was the increase in the rate of internet frauds. The lack of adequate internet security provided with ATM cards, made these modes less safe, leading to less faith in such transactions. The infrastructure required to set up Point of Sale (Pos) terminals is high, and the lack of efficiency in the Nigerian government's efforts led to inadequate infrastructure.

The importance of supply of power in a cashless economy cannot be underestimated. Nigeria has frequent power cuts which lead to disruption in the process. Several parts of India face power cuts, often for several hours a day [17]. Some parts, especially rural parts, have electricity only for a couple of hours. Given these circumstances India needs to erect a stable system for electricity so that these transactions do not get disrupted due to shortage of power supply.

Setting up a cashless system is capital intensive in nature. Therefore, for the government to set up an efficient system, the government would have to infuse capital or find willing investors. Another problem is the difference in urban and rural access to electricity and internet. Since most of these services are limited often to the urban centres, it is important for the rural regions to have these services too for the cashless system to exist.

Challenges in India for a cashless economy

Recent data reveals that since demonetization, the usage of digital transactions increased for a month, but dropped in January by 10% even though the economy has not been fully remonetized. As of January 18th only 9.2 trillion rupees has re-entered the system though 15.44 trillion rupees was taken out in the form of old bills [18]. Only 30% of the population is connected to the internet and the system often faces outages.

A survey conducted by Bill and Melinda Gates Foundation in 2014 found that only 6% of Indians were aware of mobile money existing and only 0.3% of the people responded saying that they have used it. Gender too acts as an important category in the case of mobile phone penetration. The same survey found that though mobile penetration in India is high, women are less than half as likely to own a phone. 68% of men and 32% of women nationally owned phones. In some states like Haryana and U.P, men are three times as likely to own a phone as opposed to women. Altogether, it was concluded that mobile money awareness was the highest among urban men.

Similarly, with usage of bank accounts, urban males actively use the accounts more than urban females. Rural women are least likely to use their accounts. Migration has assisted in women having bank accounts since the male migrant worker usually transfers the money to either his mother or wife [19].

Results of the Study

There two in-depth interviews conducted. Both were auto rickshaw drivers in Viman Nagar who had migrated to the area in the last five years. They both have bank accounts. Mohan Kale does not use digital modes of transaction, whereas Shankar Ingle does.

The first interview conducted was that of Mohan Kale who is 36 years old and migrated to Pune 4 years ago from Beed district in interior Maharashtra. He created a bank account in his name when he shifted to Pune since he thought it would be of use to save money. But by his own admission after a hard day's work of a 12 hours shift he makes at most Rs500 which is barely enough to save after consuming food and saving for utility bills. Due to this he saves most only after 15 days at times managing to save money only after 3 months. He visits his bank, Bank of Maharashtra, 8-12 times a year for reasons like depositing money [20]. He has not been able to get a loan though he wishes to have his own house instead of staying on rent. But since he only makes Rs300 to Rs 500 per day, and his profession is that of an auto-rickshaw driver, he does not save money or make any transactions due to which the bank does not offer any loans that he could avail. He also adds saying that he has been going to the bank for the last 4 years but banks do not offer any loans to him. According to him, the bank requires him to have at least 5 lakhs per annum or pay income taxes to be eligible for loans.

He is not the only one in the family to have a bank account. His wife too has a bank account both of them have the required Aadhar and PAN cards required for the accounts [21-25]. But neither of them manages to save sufficiently to provide for the education of their one school-going child who is 12 years of age and the other who stays at home since she is 3 years of age. Each day's earnings, which vary from INR 200 to INR 500, are spent on necessary expenditures like food and savings for the monthly rent.

He does not own a smart phone and neither does his wife. On being asked if he uses cashless modes of transactions, he responded. He squarely says that when a person does not have enough money to buy a smart phone or save money for the next day, cashless transactions do not make sense. When told about USSD and how he can transfer money using his feature phone, he says that he would still not be interested in using cashless forms of transactions. He can work with cash for now and does not see whom he could necessarily need to transfer money to without cash. Moreover, the lack access he has to common technology-driven platforms like e-wallets which need smart phones make this option unviable for him. He is clear on it not being of much use to him given his situation. The usability of the cashless forms was his concern. He does not feel the need to join the cashless systems or platforms. Most of the people he interacts with use cash as opposed to cashless systems. People like auto-mechanics, local shopkeepers, and tea stalls owners use cash more than digital platforms [26]. So he is unlikely to shift to cashless systems till his daily life is radically affected. Demonetization did not compel him to shift to cashless systems either. The cost of making this shift is very high for him.

When asked if demonetization increased the need for cashless transactions he said that those who are honest would pay the money in cash and those who are not being honest would not pay anyway. He will leave it to them and did not feel the need to jump into purchasing a smartphone and using the very popularly used e-wallet Paytm. He was not aware of any of the schemes the government had for digital transactions [27].

He felt that the current system only favours those with money. He would like to use the bank for loans and he feels every poor man needs loans to survive and improve their standard of living but banks fail to provide these options. He is financially included technically since he has a bank account; he is not able to avail its service to improve his economic situation. He is not able to avail credit. When asked if he has an insurance, he responded by saying no. He does not have an insurance for himself, but he does have an insurance for his auto for which he paid Rs5,000. He does not see much purpose in this insurance since the process is very slow, takes 2 months to finish the process and receive the money according to him, and he cannot afford to wait to raise money for his family [28]. He can save money occasionally but given his low income, it is too few and far in between for him.

He wanted to teach students but given that private schools ask for deposits to be a permanent teacher he could not afford to be a teacher in his school. He has completed his education till M.Ed. He taught the language of Marathi in a school. But despite being an educated man he is not able to make a living of his degrees on which, according to him, he spent a lot of money [29]. He today chooses to drive auto rickshaw drivers around since he does not have a better option. He has been applying for other jobs for the past couple of years but he has not gotten a single offer.

Mohit Kale, wants money to improve the life he and his family are living, but a bank account does give him the access he needs to credit. He does not feel the need to shift to cashless systems personally. He is educated and financially literate, since he is aware of the entire financial services banks offer, but he is not financially capable since he is not a low-income earning individual who can afford smart phones nor can he pay for regular internet data. Moreover, he does not have access to useful financial services like loans because he in ineligible for them. Banks do not offer suitable products he says. Smart phones are economically unviable at this stage for him. He does not see himself shifting to cashless platforms in the near future.

The second in-depth interview was of Shankar Ingle who is in his 30s and has a family of four. He moved to Pune from Umarga, which is in Osman Abad district in Maharashtra, 15 years ago with his family which consists of 12 people. The family consists of one father, two mothers, 5 brothers and three wives of the brothers. He stays along with his parents and his brothers and their wives. He has been working as an auto rickshaw driver since the past one year. Before this he was working as a site supervisor and he created his account so that his Provision Fund could be accumulated in his account. He does not use his bank account with Cooperation Bank regularly. He claims the reason behind this is the low income he earns per month which amounts to Rs. 300 per day. He does not have enough to save money. He spends on his breakfast and tobacco apart from saving for utility bills. Due to this Mr. Ingle does not regularly use his savings account.

He does use his account to transfer money to his brother who is studying civil engineering in Sholapur. He needs to send his brother money in three days for the fees without which he cannot give the exam. I asked him if he will approach his bank to pay the money since he does not have enough money in his account to send across the required sum. He responded by saying that the bank does not offer loans for such emergencies and to people like him- those who drive auto rickshaws [30]. He claims that he gets calls on days from banks offering loans who when discovering his profession tell him that he is not eligible for the loan.

He has all the government documents required to get the bank account and even uses Paytm. He bought his smart phone a little before demonetization but downloaded Paytm after demonetization was declared. He bought this phone from his friend on a loan which he needs to pay back. Though he has been using Paytm almost daily since the day he got the phone, he claims he is not happy with the service of Paytm. This is partly because the internet network is not sufficiently good for his phone to process transactions. Secondly he cannot afford a better internet deal. Thirdly, the regular logging in which is required in Paytm after 2-3 days of dormancy is an irritant for him. But he has been using Paytm nonetheless. When asked why he chose Paytm over other options he said that Paytm was the most commonly used among customers and other individuals he needed to transact with. He made the choice based on practicality and pragmatism.

When I enquired if he knew of the different schemes the government has for persons using digital modes of transaction, he said he was unaware of these schemes. I asked him what his expectations were from the bank and he responded by saying that he would have expected a mechanism through which a person like him, with a low-income, could avail credit for an emergency so that he could be charged some amount of interest which could be paid off on a day to day basis. He does not avail any benefits from government schemes. According to him, none of them apply to him. He only avails an LPG subsidy due to his Jan Dhan account, but he does not have the insurance worth INR 1,00,000 which comes with the Jan Dhan account, but he did not know of this nor did he get any document saying this. Availing a loan is financial service that he wish he could be eligible for [31]. In times of emergency, he approaches a local rich person who is willing to give a loan. Such a money lender usually charges INR 50 per day for period of 50 days if one takes a loan of INR 10,000. So if he takes that loan, he would have to daily pay INR 200 with the additional INR 50 as interest to the money lender. He wished that such a system could be there for the bank too.

There was a second interview conducted of Shankar Ingle where I enquired about his brother's exam fee. He responded by saying that he was unable to pay the money due to which his brother returned home to Pune. His brother is unable to finish his course in civil engineering because of the financial incapability of his family. He could not go to the bank since the bank workers have gone on a strike due to them being overworked during the months after demonetization.

I also enquired about his Paytm account and he said that he does not have it anymore since he had to return the smart phone he had to his friend who had loaned it to him. The reason cited was again inability to pay the cost of the loan to his friend [32].

In both the cases, the individuals seek credit but are unable to access it despite having bank accounts. Financial capability acts as a barrier for both the individuals since neither of them can afford smart phones and regular internet data which are explicitly cited by both of them. Financial literacy acts as a barrier in Shankar's case since he is unaware of all the facilities provided by the bank. He does not expect much help from the bank due to this understanding. In Mohan's case, despite him being financially literate, he could not avail any benefits from the government or the bank. Inability to access financial services is a barrier for both of them. Mohan is unable to financially afford a smart phone whereas Shankar is unable to access an economically viable internet plan which can make his usage of Paytm comfortable initially and later on was unable to afford to pay back the loan for the smart phone therefore going back to his feature phone.

Suggestions

1. Smart Phones can be made cheaper so that common platforms like e-wallets are accessible.
2. Internet access can be made easier and more financially viable since internet data is expensive if one needs to use apps and transfer money and access websites quickly [33].
3. Financial literacy can be increased, along with awareness of the benefits of a cashless system and how they can improve their chances of finding good deals using the internet. Several workers from the informal sector do not see banks as a good option for increasing their economic mobility. This could be changed through awareness camps of government schemes and banking solutions.
4. The government should also focus on making the internet more secure so that digital transactions are safer. Reports suggest that 2017 will see an increase in internet fraud which needs to be curtailed through different measures [15]. 2016 saw 3.2 million debit cards getting hacked due to outdated systems.
5. More financial services such as credit for informal laborers who do not make regular transactions could help complete financial inclusion take place.

Conclusion

The use of cash is still high in India, despite the increase in digital transactions and financial inclusion. To accommodate the informal sector, certain measures need to be taken by the government and the banks. Safety is high priority and so is the financial capability to purchase electronic devices like smart phones that most of the platforms require. Internet data services are expensive which several workers, particularly from the informal sector, are unable to afford. For a smooth transition from cash-dependent to cashless economy, the government would need to ensure the large informal sector in India is inculcated into the system. Through the use of mobile phones, last mile banking problems are expected to disappear. But unless smart phones and internet connectivity are affordable, awareness of financial services is present, suitable financial products are available for the low-income earning individual, and adults are financially capable to avail these services, digital financial inclusion and a cashless India would not be possible in the near future. Though 'Digital India' and a cashless India could help push the Indian economy to become more transparent, the infrastructure needs to be in place and institutions need to make the option of going cashless more economically viable to the average Indian. Considering that the Per Capita Income of India in 2015-16 was merely 94,178 and that over 90% of the total workforce depends on cash transactions, the task of removing barriers to digital financial inclusion cannot be undermined.

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