

IMPACT OF DEMONETISATION IN INDIA WITH SPECIAL REFERENCE TO PAYMENT SYSTEM OF INDIA

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ABSTRACT

Demonetisation had a wide impact. It has affected the withdrawal of nearly 86% of the currency in circulation in India. The monetary action of banning Rs 1000 and Rs 500 notes produced several direct and indirect effects on transaction behaviour as well as on illegal money. Demonetisation has provided the invaluable service of giving mass awareness campaign against black money. It has promoted the digitalization of transactions and digital payments.

The government had called this situation bringing of “short-term pain for long-term gain”. Demonetisation has affected the common people and created panic among the poor and common masses. This will change the history of India and bring a digital transaction revolution to the country.

The objective of the research paper is to estimate the impact of Demonetization on payment and settlement system of Indian banks in India in volume and in value. This research study depends on secondary data from various sources. For the purpose of analysis the concept and impact of demonetization has been discussed in the first part. In second part the impact of demonetization on payment system of Indian banks in volume in million transactions was evaluated. In third part, evaluation of demonetization impact on payment system in value in billion rupees. It concluded with findings, suggestions and conclusion

Keywords: *Demonetisation, RTGS, Cards, Payment System, CCIL, Mobile Banking.*

INTRODUCTION

Indian banking structure is very different from that of other countries. Banking is considered as the backbone of the country. Finance is the vital element for a country's trade, commerce and industry.

Banks are core part of any economy. They channelized the money to the smooth functioning of different sectors. Banks are not exceptional from the influence of demonetization and it made vibrations in the operations as well as products and services of banks. It created greater demand to digital banking services where cashless transactions are prioritized.

Money is the life blood of every economy. Money exchange facilitates ease of doing business, facilitates taxation and national integration. All activities such as production, exchange, distribution, services etc., are form an economy.

DEMONETISATION IN INDIA

The demonetisation of the 500 rupee note and the 1,000 rupee note in India had hit the economy hard in the short-term. The service sector, which dominates economic activity and involves a sizable chunk of cash transactions had the hardest hit.

India is not new to demonetisation because it has implemented first currency ban in 1946, second time currency ban in 1978 and third time currency demonetised in 2016.

The Central Government states that, the demonetisation policy is trying to make India corruption free; to curb black money; to control escalating price rise; to stop funds flow to illegal activity; to make people accountable for every rupee they have and pay income tax return. Finally, it is trying to make a cashless society and create a digital India.

According to the RBI the value of the currency notes at the end of March 2016 was 16.42 trillion Indian rupees. The 500 rupee and 1,000 rupee currency notes formed 86.4% of the value. In terms of volume, the currency notes of these two denominations formed 24.4% of a total 90.27 billion pieces. There were 17,165 million pieces of Rs 500 notes and 6,858 million pieces of Rs 1,000 notes in circulation, amounting to Rs 15.44 lakh crore in value. The demonetisation relates to replacing 86% of Indian currency; the growth of Indian economy; the development of every sector and the growth of banking sector.

IMPACT OF DEMONETISATION

Demonetisation produced several direct and indirect effects on transaction behavior. Demonetisation has provided the invaluable service of giving mass awareness campaign against black money. It has promoted the digitalization of transactions and digital payments.

Demonetisation also led to a significant increase in financial intermediation, with increase of deposits in PMJDY accounts. The latest data indicate that 50 million new accounts were opened since demonetisation until October, 2017.

Demonetisation has resulted in a rise in deposit growth at a time when banks have reduced interest rates on term deposits. Deposits rose 13.9% or Rs 12.7 lakh crore to Rs 105 lakh crore against a 10% rise last year, according data released by the Reserve Bank of India.

OBJECTIVES

The objective of the research paper is to estimate the impact of demonetization on payment and settlement system of India in volume and in value.

METHODOLOGY

This research paper depends on secondary data from various sources. The secondary data was collected from RBI Bulletin, annual reports and from other websites. For the purpose of analysis the concept and impact of demonetization has been discussed in the first part. In second part, the impact of demonetization on payment system of India in volume in million transactions was evaluated. In third part, evaluation of demonetization impact on payment system in value in billion rupees was discussed.

MODES OF PAYMENT SYSTEM IN INDIA

The Indian banking sector has been growing successfully, innovating and trying to adopt and implement electronic payments to enhance the banking system. Though the Indian payment systems have always been dominated by paper-based transactions, e-payments are not far behind. Ever since the introduction of e-payments in India, the banking sector has witnessed growth like never before.

India has multiple payments and settlement systems, both gross and net settlement systems. For gross settlement India has a Real Time Gross Settlement (RTGS) system called by the same name and net settlement systems include Electronic Clearing Services (ECS Credit), Electronic Clearing Services (ECS Debit), Credit cards, Debit cards, the National Electronic Fund Transfer (NEFT) system and Immediate Payment Service. An efficient national payment system reduces the cost of exchanging goods and services, and is indispensable to the functioning of the interbank, money and capital markets.

TREND AND PROGRESS IN PAYMENT SYSTEMS IMPACT OF DEMONETISATION

Different Payment System Indicators in India

RTGS: Real-Time Gross Settlement are specialist funds transfer systems where the transfer of money or securities takes place from one bank to another on a "real time" and on a "gross" basis. RTGS systems are typically used for high-value transactions that require and receive immediate clearing. RTGS payments typically incur higher transaction costs and usually operated by a country's central bank. It lowers settlement risk, besides giving an accurate picture of an institution's account at any point of time. The best RTGS national payment system cover up to 95% of high-value transactions within the national monetary market.

CCIL: *Clearing Corporation of India Ltd (CCIL)* is to provide clearing and settlement for transactions in Government securities, foreign exchange and money markets in the country. CCIL provides non-guaranteed settlement in the rupee denominated interest rate derivatives like Interest Rate Swaps/Forward Rate Agreement market.

Paper Clearing: The central bank played a pioneering role in automating the paper-based clearing system in the 1980s. It introduced an electronic funds transfer system and electronic clearing services (ECS Credit and Debit) in the 1990s. The RBI introduced the NEFT system in November 2005.

Retail Electronic Clearing

1. Electronic Clearing Service (ECS Credit): This is used mainly for large-value or bulk payments where the receiver's account is credited with the payment from the institution making the payment.

2. Electronic Clearing Services (ECS Debit): This is used mainly for small value payments from consumers to big organizations or companies. It eliminates the need for paper and instead makes the payment through banks/ corporates or government departments. It facilitates individual payments like telephone bills, electricity bills, online and card payments and insurance payments.

Cards: India is one of the fastest growing countries in the plastic money segment. Already there are 130 million cards in circulation, which is likely to increase at a very fast pace due to rampant consumerism. India's card market has been recording a growth rate of 30% in the last 5 years. Card payments form an integral part of e-payments in India because customers make many payments on their card-paying their bills, transferring funds and shopping.

Debit cards entered India, in 1998 they have been growing in number and today they consist of nearly 3/4th of the total number of cards in circulation.

Credit cards have shown a relatively slower growth even though they entered the market one decade before debit cards. It is expected to grow at a rate of about 60% considering levels of employment and disposable income. Majority of credit card purchases come from expenses on jewellery, dining and shopping. They are used not only in ATM's but also at Point of sale (POS) terminals and while making payments on the net.

PPI's: Prepaid payment instruments are facilitating purchase of goods and services against the value stored on such instruments. The value stored on such instruments represents the value paid for by the holder, by cash, by debit to a bank account, or by credit card. The prepaid instruments can be issued as smart cards, magnetic stripe cards, internet accounts, online wallets, mobile accounts, mobile wallets, paper vouchers and any such instruments used to access the prepaid amount.

Mobile Banking: It is a service provided by a bank or other financial institution that allows its customers to conduct financial transactions remotely using a mobile device such as a smart phone. Unlike the related internet banking it uses software, usually called an app, provided by the financial institution for the purpose. Mobile banking is usually available on a 24-hour basis. Mobile banking reduces the cost of handling transactions by reducing the need for customers to visit a bank branch for non-cash withdrawal and deposit transactions.

DEMONETISATION IMPACT ON MODES OF PAYMENT SYSTEM IN INDIA IN VOLUME

The payment system of Indian banks is the combination of RTGS, CCIL operated system, Paper clearing, retail Electronic Clearing, Cards, Prepaid Payment Instruments and Mobile banking payments. Among this, cards payments transaction 61.41% is in first place, Retail Electronic clearing is in Second (20.61%) and PPI's(7.55%) is in third place in total payments transactions in millions.

Table 1 shows that, the payments transaction (in volume) in between October 2016 and September 2017. It explains the changes or the impact on payments transaction in million during this period. The table denotes that

RTGS: In RTGS payments customers transactions, interbank transactions and interbank clearings are main activities. The RTGS total transaction in October 2016 is 9.01 millions and they increases to 12.54 million transaction in March 2017 and decreases to 9.61 million transaction in Sep 2017. In October 2016 the RTGS transaction is 0.54 percent and it decreases to 0.45 percent in Jan 17 and increases to 0.59 percent in March 2017 and finally it decreased to 0.48% in Sep 2017 when compare to the total payment transactions.

CCIL Operated Systems: In CCIL the main players are CBLO, Govt., securities clearing and forex clearing, among these the forex clearing is key player. The CCIL operated payments transactions in Oct 2016 is 0.27 million and increases to 0.30 in Sep 2017. The CCIL payments transaction in Oct 2016 is 0.016 percent, in Nov 2016 is increased to 0.022% in Nov 2016 and it decreases to 0.015 percent in Sept 2017.

Paper Clearing: In this, the important areas are cheque transactions system (CTS) and home MICR clearing. The paper clearing transactions are 87.78 millions in Oct 2016. They increases to 138.82 million transactions in Dec 2016 and in Sept 2017 they are 94.37 million transactions.

Retails Electronic Clearing: In this, important key payment factors are ECS DR, ECS CR, EFT/NEFT, IMPS and NACH. In this NEFT and NACH are playing major role. The REC payment transactions are 346.36 millions in Oct 2016 and increases to 427.72 million transactions in Sept 2017. The REC transactions are contains 20.61% in Oct 2016 and increases 21.58% in Sept 2017, when compare to total payments transactions.

Cards: This category payment is the combination of credit and debit cards including usage of this card at ATMs and usage at POS. In this Debit card payments are very high when compare to the credit cards. The credit cards usage at POS and debit cards Usage at ATM's is high. The cards payment transaction are 1031.93 million in Oct 2016 and they increases to 1096.45 million transactions in Sept 2017. The cards payment transaction are 61.41% in Oct 2016 and they decreases to 55.31% in Sept 2017 when compare to the total payment transactions.

PPI's: In PPI's payments M-Wallet, PPI cards, PPI voucher are players, in this M-Wallet is leading factors of instrument. The PPIs total payment transaction are 126.9 millions in Oct 2016 and they increases to 240.29 million transactions in Sept 2017. The PPI have 7.55% share in Oct 2016 and it increases 12.12% share in the total payment in Sept 2017.

Mobile Banking: The total payment transaction are 78.08 million in Oct 2016 and they increases to 113.69 millions in Sept 2017. The mobile banking have share 4.65% in Oct 2016 and increases to 5.73% in Sept 2017. Finally the total payments transaction (in volume) are 1680.33 million in Oct 2016 and they increases to 1982.43 million transaction in Sept 2017.

Table 1: Impact of Demonetization on Payment system indicators of India in volume during October 2016 to September 2017 (in Millions)

System	16-Oct	16-Nov	16-Dec	17-Jan	17-Feb	17-Mar
RTGS	9.01	7.88	8.84	9.33	9.11	12.54
	(0.54)	(0.50)	(0.46)	(0.45)	(0.48)	(0.59)
CCIL Operated Systems	0.27	0.35	0.31	0.32	0.25	0.29
	(0.016)	(0.022)	(0.016)	(0.015)	(0.013)	(0.014)
Paper Clearing	87.78	93.5	138.82	131.17	107.94	127.98
	(5.22)	(5.93)	(7.15)	(6.30)	(5.71)	(6.03)
Retail Electronic Clearing	346.36	312.73	418.54	386.31	359.28	437.39
	(20.61)	(19.85)	(21.54)	(18.54)	(18.99)	(20.61)
Cards	1,031.93	906.78	1,025.48	1,154.21	1,039.67	1,087.98
	(61.41)	(57.55)	(52.79)	(55.40)	(54.96)	(51.27)
PrepaidPayment Instruments (PPIs)	126.9	169.03	261.09	295.8	280.02	342.09
	(7.55)	(10.73)	(13.44)	(14.20)	(14.80)	(16.12)
Mobile Banking	78.08	85.39	89.61	106.13	95.41	113.63
	(4.65)	(5.42)	(4.61)	(5.09)	(5.04)	(5.36)
Total	1680.33	1575.66	1942.69	2083.27	1891.68	2121.9
	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)

Values in brackets is percentage to total

Table Contd.....

**Table 1: Impact of Demonetization on Payment system indicators of India
–volume wise during October 2016 to September 2017 (in Millions)**

System	17-Apr	17-May	17-Jun	17-Jul	17-Aug	17-Sep
RTGS	9.54	10.43	9.83	9.38	9.46	9.61
	(0.47)	(0.53)	(0.51)	(0.47)	(0.47)	(0.48)
CCIL Operated Systems	0.25	0.29	0.3	0.3	0.27	0.3
	(0.012)	(0.015)	(0.016)	(0.015)	(0.013)	(0.015)
Paper Clearing	99.97	101.63	95.47	95.35	94.81	94.37
	(4.91)	(5.16)	(4.95)	(4.81)	(4.72)	(4.76)
Retail Electronic Clearing	431.1	427.36	426.75	432.2	442.79	427.72
	(21.19)	(21.71)	(22.12)	(21.82)	(22.05)	(21.58)
Cards	1,035.38	1,036.07	1,025.60	1,070.91	1,099.84	1,096.45
	(50.89)	(52.64)	(53.16)	(54.07)	(54.77)	(55.31)
Prepaid Payment Instruments (PPIs)	352.23	278.08	255.65	270.24	261.14	240.29
	(17.31)	(14.13)	(13.25)	(13.64)	(13.01)	(12.12)
Mobile Banking	106.27	114.26	115.73	102.4	99.64	113.69
	(5.22)	(5.81)	(6.00)	(5.17)	(4.96)	(5.73)
Total	2034.74	1968.12	1929.33	1980.78	2007.95	1982.43
	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)

Values in brackets is percentage to total

Source: RBI Bulletins

DEMONETISATION IMPACT ON MODES OF PAYMENT SYSTEM IN INDIA IN VALUE

Table-2 explains that, the impact of demonetisation on the modes of payments system of India in billion rupees.

RTGS: The RTGS payments in Oct 2016 are 97,554.34 billion rupees increased to 154,094.85 billion Rs. In March 2017 and they are 127,730.7 billion Rs in Sept 2017. The RTGS payments have 48.51% in Oct 2016; 55.10% in 17 March and 51.78% in Sept 2017 when compared to the total payments.

CCIL: The CCIL payments are 82,322.56 billion Rs. in Oct 2016, increases to 97,225.02 billion Rs. in 2016 Nov and 92,763.82 billion Rs. in Sep 2017. The CCIL payments have 40.93% in Oct 2016; 44.60% in Nov 2016 and 37.61% in Sep 2017.

Paper Clearing: The paper clearing payments are 6473.69 billion Rs. in Oct 2016; 8654.94 billion Rs. in March 2017 and 6429.99 billion Rs in Sept 2017. The paper clearing payment have 3.22% share in Oct 2016 and 2.61% share in Sept 2017 when compared to the total payments.

REC: The REC payments are 10633.29 billion Rs in Oct 2016, 17,699.79 billion Rs. in March 2017 and 15,624.23 billion Rs in Sept 2017. The REC payments share in Oct 2016 is 5.29% and in Sept 2017 the share percent is 6.33% when compared to the total payments.

Card: The card payments in Oct 2016 are 2934.78 billion rupees. In March 2017 it was 2947.56 billion Rs. and in Sept 2017 it was 3163.59 billion rupees. The card payments percentage in the total payment is 1.46 in Oct 2016 and 1.28 in Sept 2017.

PPI's: PPI's payments are 60.22 billions Rs. in Oct 2016, 110.01 billion Rs in Jan 2017 and 109.77 billion in Sept 2017. The PPI's share in the total payments in 0.030% in Oct 2016 and in Sept 2017 it is 0.045.

Mobile banking: Mobile banking payments in Oct 2016 are 1134.93 billion rupees. In March 2017 it was 1730.39 billion and it was 847.82 billion Rs. in Sept 17. The mobile banking payment share in Oct 2016 is 0.56%, 0.95% in May 2017 and 0.34 in Sept 2017.

The total payments are 201113.81 billion Rs. in Oct 2016, 279649.87 billion Rs. in March 2017 and 246,669.92 billion Rs in Sep 2017.

Among all these mode of payment system value in billion Rs the RTGS is in first place 48.51%, CCIL operated system is in second 40.93% and REC is in 5.29 in Oct 2016.

In March 2017 the RTGS share is 55.10%, CCIL share is 33.76% and REC share is 6.33% when compared to the total.

The RTGS Share in Sep. 2017 is 51.78% the CCIL share is 37.61% and REC share is 6.33%.

**Table 2: Impact of Demonetization on Payment system indicators of India
In value during October 2016 to September 2017 (Rs. In Billion)**

System	16-Oct	16-Nov	16-Dec	17-Jan	17-Feb	17-Mar
RTGS	97,554.34	101,894.49	110,980.33	100,602.54	95,266.75	154,094.85
	(48.51)	(46.75)	(48.21)	(47.41)	(49.37)	(55.10)
CCIL Operated Systems	82,322.56	97,225.02	95,947.71	88,068.84	75,377.92	94,415.57
	(40.93)	(44.60)	(41.68)	(41.51)	(39.06)	(33.76)
Paper Clearing	6,473.69	5,845.13	7,289.40	7,281.23	6,406.73	8,654.94
	(3.22)	(2.68)	(3.17)	(3.43)	(3.32)	(3.09)
Retail Electronic Clearing	10,633.29	9,748.25	12,608.01	12,399.63	11,961.49	17,699.79
	(5.29)	(4.47)	(5.48)	(5.84)	(6.20)	(6.33)
Cards	2,934.78	1,833.46	1,801.29	2,335.10	2,575.77	2,947.56
	(1.46)	(0.84)	(0.78)	(1.10)	(1.33)	(1.05)
Prepaid Payment Instruments (PPIs)	60.22	50.1	97.7	110.01	96.28	106.77
	(0.030)	(0.023)	(0.042)	(0.052)	(0.050)	(0.038)
Mobile Banking	1,134.93	1,374.43	1,485.83	1,383.05	1,279.93	1,730.39
	(0.56)	(0.63)	(0.65)	(0.65)	(0.66)	(0.62)
Total	201113.81	217970.88	230210.27	212180.4	192964.87	279649.87
	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)

Values in brackets is percentage to total

Table contd.....

**Table 2: Impact of Demonetization on Payment system indicators of India—value wise during
October 2016 to September 2017 (Rs. In Billion)**

System	17-Apr	17-May	17-Jun	17-Jul	17-Aug	17-Sep
RTGS	111,743.70	113,312.69	116,200.57	110,562.10	113,827.58	127,730.70
	(51.20)	(50.24)	(49.93)	(50.00)	(50.43)	(51.78)
CCIL Operated Systems	80,878.53	86,202.69	90,919.03	86,663.63	87,499.01	92,763.82
	(37.05)	(38.22)	(39.06)	(39.19)	(38.77)	(37.61)
Paper Clearing	7,351.49	7,100.00	6,669.43	6,572.52	6,403.59	6,429.99
	(3.37)	(3.15)	(2.87)	(2.97)	(2.84)	(2.61)
Retail Electronic Clearing	13,700.63	13,768.40	14,113.17	13,471.67	13,988.09	15,624.23
	(6.28)	(6.11)	(6.06)	(6.09)	(6.20)	(6.33)
Cards	2,877.17	2,899.56	2,953.60	2,958.59	3,073.12	3,163.59
	(1.32)	(1.29)	(1.27)	(1.34)	(1.36)	(1.28)

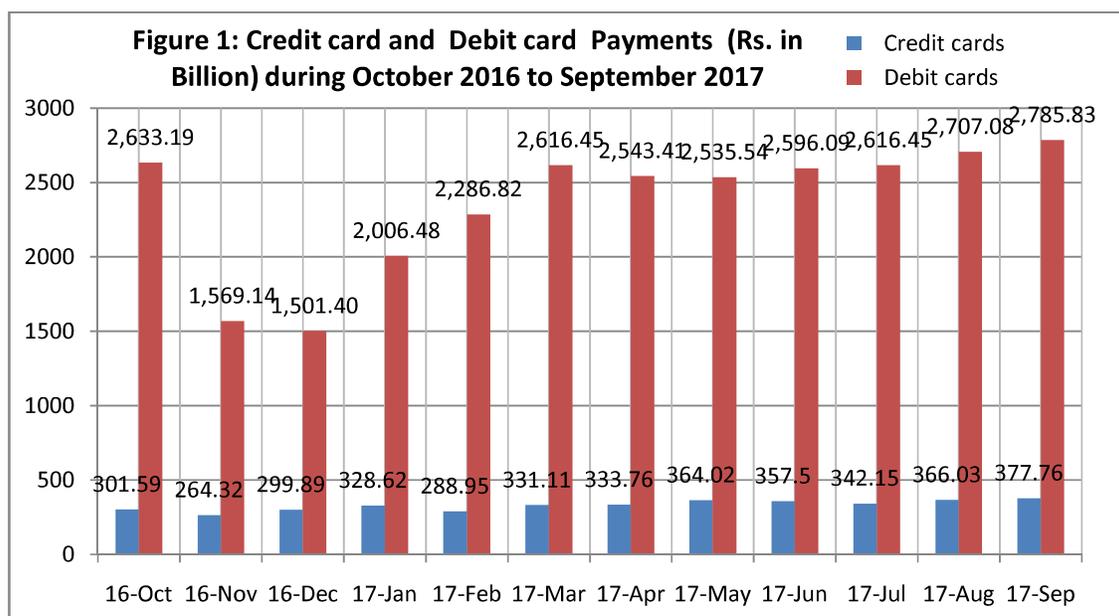
Prepaid Payment Instruments (PPIs)	103.71	106.69	85.07	98.56	102.88	109.77
	(0.048)	(0.047)	(0.037)	(0.045)	(0.046)	(0.045)
Mobile Banking	1,612.65	2,134.20	1,807.65	801.36	799.13	847.82
	(0.74)	(0.95)	(0.78)	(0.36)	(0.35)	(0.34)
Total	218267.88	225524.23	232748.52	221128.43	225693.4	246669.92
	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)

Values in brackets is percentage to total Source : RBI Bulletins

IMPACT OF DEMONETIZATION ON CREDIT CARDS AND DEBIT CARDS PAYMENTS

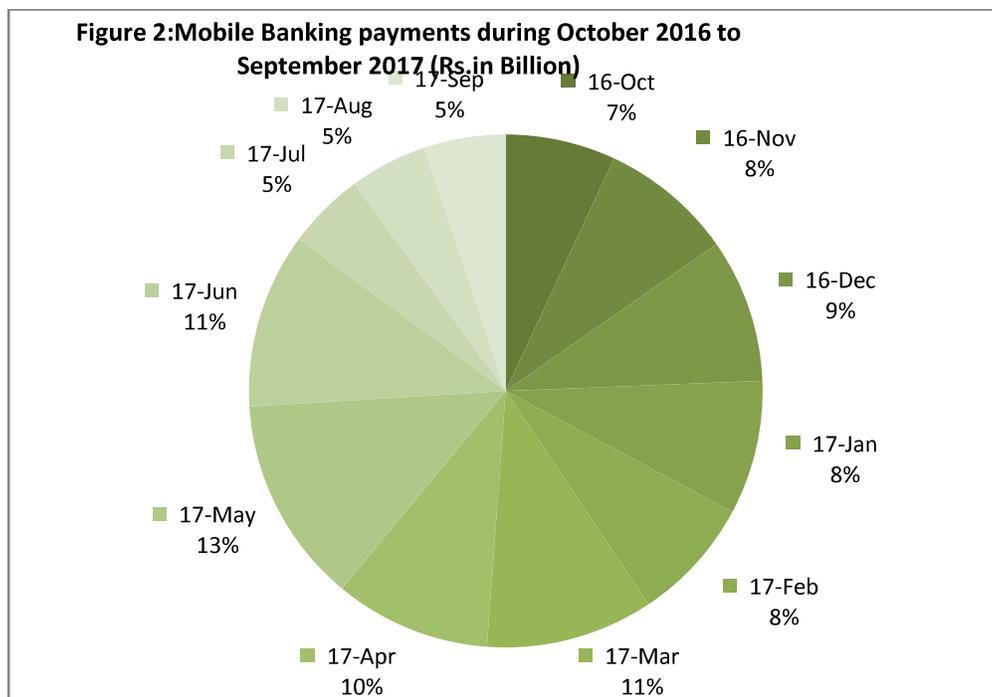
Figure 1 explains that, the credit card and debit cards change in payments during 12 months from Oct 2016 to Sep 2017. The credit cards payments are 301.59 billion Rs in Oct 2016 decreased to 264.32 billion Rs in Nov 2016 and increased to 377.76 billion Rs in Sep 2017. The debit cards payments are 2633.19 billion Rs in Oct 2016 decreased to 1569.14 billion Rs in Nov 2016 and in Sep 2017 it was 2785.83 billion Rs.

The increase of Credit cards Payments in Billion Rs. is 25.25% in Sep 2017 and Debit cards Payments in billion Rs. is 05.80% in Sep 2017 when compare to Oct 2016.



IMPACT OF DEMONETISATION ON MOBILE BANKING PAYMENTS

Figure 2 explains that, the change in the payments of mobile banking during Oct 2016 to Sep 2017. The figure shows the mobile payments in Oct 16 is 7% in 17 March, it was 11% in May 2017, it was 13% in Sep 2017 and it was 5% in between comparison of 12 months of mobile banking payments. The increase of Mobile Banking Payments in billion Rs. is 2.00 % in Sep 2017 when compare to Oct 2016.



FINDINGS

After the announcement of demonetisation, digital activity levels were low in the initial weeks as people were busy depositing/exchanging SBNs. However, in December 2016, digital payment activity increased alongside progressive remonetisation. The findings are mainly focused on impact of demonetisation on payment system of India in volume and value.

Growth of different payment transactions in million between October 2016 to September 2017.

RTGS: The difference of RTGS payments 2017 is increased to 0.60 in million transactions and RTGS payments share is decreased 0.06% in volume in transactions when compare to the total payment.

CCIL: The difference of CCIL operated system payment is increased 0.03 in million transactions and CCIL system payment share is decreased to 0.001% when compare to the total payments transactions.

Paper Clearings: The difference paper clearing payments was increased to 6.59 in million transactions and paper clearing payments share was decreased to 0.46% when compare to the total payments transactions.

REC: The difference REC payments was increased to 81.36 in million transactions and REC payments share was decreased to 0.97% when compare to the total payments transactions in million volume

Cards: The difference Cards payments was increased to 64.52 in million transactions and cards payments share is decreased to 6.1% when compare to the total payments transactions.

PPI: The difference PPI payments was increased to 113.39 in million transactions and PPI payments share is decreased to 4.57% when compare to the total payments transactions.

Mobile Banking: The difference Mobile banking payments was increased to 35.61 in million transactions and Mobile Banking payments share is decreased to 1.08% when compare to the total payments transactions.

The difference total payments were increase to 302.01 in million transactions.

Growth of Different Payments in Value in Billion Rs in between Oct 2016 to Sept 2017.

RTGS: The difference of RTGS Payments was increased 30176.36 Rs in Billions and RTGS payments share is increased 3.27% when compare to the total payments.

CCIL: The difference of CCIL Payments was increased 10,441.26 Rs in Billions and CCIL payments share is increased 23.32% when compare to the total payments.

Paper Clearing: The difference of Paper Clearing Payments was decreased 43.7 Rs in billions and Paper Clearing payments share is decreased 0.61% when compare to the total payments.

REC: The difference of REC Payments was increased 4990.94 Rs in billions and REC payments share is increased 1.04% when compare to the total payments.

Cards: The difference of Cards Payments was increased 228.81 Rs in billions and Cards payments share was decreased 0.18% when compare to the total payments.

PPI's: The difference of PPI Payments was increased 49.55 Rs in billions and PPI payments share is decreased 0.015% when compare to the total payments.

Mobile banking: The difference of Mobile Banking Payments was decreased 287.11 Rs in billions and Mobile Banking payments share is decreased 0.22% when compare to the total payment.

The difference of Total Payments was decreased 45,556.11 Rs in Billions.

Growth of Different Payments transactions in million (volume)

The increase of RTGS Payments was 7% ; CCIL Payments was 11%; Paper Clearings Payments was 07.5%; REC Payments was 23.49%; CARDS Payments was 6.25% PPI's Payments was 89.35%; Mobile banking Payments was 45.61% and The increase of Total Payments transactions was 17.98% in Sep 2017 when compare to Oct 2016.

Growth of Different Payments in billion rupees (value)

The increase of RTGS Payments was 30.93%; CCIL Payments was 12.68%; PC Payments was 0.68%; REC Payments was 46.94%; CARDS Payments was 0.78%; PPI's Payments was 82.28%; Mobile Banking Payments was 25.3% and Total Payments was 22.65% in Sep 2017 when compare to Oct 2016.

SUGGESTIONS

Based on the analysis and overview of the Indian payment system the suggestions are as follows

1. Government should take special care to increase card transactions, because in total transactions 61.41% are card transactions and crores of people are using cards for their payments.
2. The government should concentrate to increase mobile bank's usage mobile transactions increased in 35.61% million but in total transactions, the mobile bank's share decreases to 1.08%. Majority of the educated people of India are not able to use the mobile banking. The government should create mass awareness about mobile banking.
3. The Government of India should take initiation to promote movement from cash to non-cash modes of transactions like reduction in the merchant discount rate, POS fees and service tax relief on MDR for small transactions etc.
4. Providing an environment for development of a robust and easily scalable payment ecosystem from the advancements in technology.
5. Suggested that, make a policy for granting permission to banks for mobile banking and prescribing minimum security standards.
6. Suggested that, take care about removing roadblocks in penetration of payment technology.
7. Should take an action relating to grievance redressals of customers regarding to different payment systems of uniformity in processes.
8. Take measures to bring in behavioural shift of all the customers to maximum use of e-banking services.
9. It is suggested that, to crate confidence to the low level educated customers of in India regarding to safety and security of digital payments to maintain and enhance trust.
10. Suggested that, enhance the BHIM-Aadhaar Pay app services to make digital payments maximum at merchant locations, to all the customers.
11. Finally, the need for enhancing the payments and settlement systems to strengthen the consumer protection framework in digital payments in India is needed.

CONCLUSION

The central government made a bold step through demonetisation. It said cashless society is one of the objectives of the demonetisation is trying to create digital India. It take care about to improve standards in payment system.

In particular, there is expected to be greater formalization of the economy with increased use of digital payments. The reduced use of cash will also lead to greater intermediation by the formal financial sector of the economy, which should, *inter alia*, help improve monetary transmission.

India already has in place one of the finest payment infrastructures in the world. The central government should take care about issues like connectivity, security and ease of transactions, data protection and user charges to maintain standards in Indian payment system.

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