

Executive Summary Of Minor Research Project entitled

ELECTRONIC PAYMENTS : RELEVANCE AND SCOPE IN SANGLI DISTRICT

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INTRODUCTION :

The electronic payments are prevalent in large measure in the developed economies of the world. The electronic payment facility is of recent origin in India and has been in use since the last 10 years. With the integration of the Indian economy with the world this payment facility is being resorted to by the banks and the customers.

The electronic payment means a payment made by using the internet infrastructure. In this type of payment the existing familiar process of issuing physical cheque and depositing the cheque in the bank account for clearing and crediting the cheque to the account of the payee is not followed. Instead the accounts of the payer and the payee are settled through the internet within a matter of hours by the use of sophisticated process and software. Thus the electronic payments as stated above have enabled the banks as well as the customers to greatly reduce the time and costs involved in the traditional banking. There is no need to walk into the branch premises for routine banking tasks as stated above. This has reduced the workload on the bank officials and has helped in efficient delivery of services to the customers. The electronic payments are being made on a large scale in metropolitan cities in India.

It is proposed to study the relevance and scope of e payments in Sangli district of Maharashtra state. The study is aimed at understanding the readiness of the banks and the customers of the banks in a rural district with predominantly agricultural background.

The number of customers opting for this facility and the existing infrastructure in local banks are very small. This study would be helpful in identifying the reasons behind the slow growth of this alternative payment mechanism in predominantly rural areas with agricultural focus.

OBJECTIVES OF THE STUDY

01. To study the existing infrastructure and coverage of electronic payment facility in Sangli district
02. To examine the correlation between the industrial and economic development of the district and the acceptance or otherwise of such modern payment alternatives
03. To consider the likely impact of the findings on the banking industry, the customers and the government.

Summary Of Findings :

The percentage of e payments to the total payments as stated above is very much less. Even though the concept of e payments is of recent origin still the use of e payments has not been at the expected level. A major reason for the low usage is that the businesses have not adopted it on a large scale. The e payments are being made only for statutory payments and for salary payments

The scope for e payments in Sangli district, being a agricultural economy, is also limited. Majority of the population resides in the villages and as such the banking needs of the population are also limited. As a result the banking needs are being fulfilled by the local village level agricultural societies. The cooperative credit societies have been present in almost all villages and these societies cater to the deposits and loans of the people.

The presence of the cooperative sector in every sector of the Sangli district economy has also been a major factor for the low usage of e payments. The cooperative societies operate on a village level and therefore their main aim is to cater to the local population. Their scope of operation is limited to the village area. This also restricts the use of e payments. Further the cooperative societies work in local Marathi language and therefore it is difficult for them and for their depositors to adopt the e payments route for their banking needs.

The internet infrastructure has also not reached every small village in the district..Even the urban areas suffer from disruptions in the internet connectivity. The growth of the e payments and modern banking practices has suffered from the lack of infrastructure both for the internet connections and computer availability in households. The computer is still not available in every home and therefore the net cafes have to be visited for the internet use.

The advantages of the e payments over the traditional system of cheque and draft payments are quite obvious. However the use and spread of these e payments are related mostly to the awareness among the user community. The government has taken the initiative and made some payments to be made compulsorily through the e payments only. This has helped to increase the scope of the e payments initially. However the full benefits of the e payments will be visible and felt across only when they are adopted by the general public for all their needs. The Sangli district with its agricultural dominated economy and larger percentage of rural population has not been able to make use of this payment facility till now. However with issues of internet infrastructure being addressed by the government and the encouragement from the government it is expected that the e payments will gain popularity in the near future because of its advantages.

The study has shown that a new financial concept like electronic payments needs the support of the government and other financial institutions. Any change in the established financial transactions is normally not accepted immediately. In view of this awareness about the advantages to all the concerned in the financial world needs to be created and developed on a large scale. As the government is moving towards the direct credit of the subsidies into the bank account of the beneficiaries it is required that the people adopt this concept and practice of electronic payments. The scope of electronic payments will go on increasing not only through the efforts of the government but only when all the financial intermediaries adopt the practice of electronic payments on a large scale.

Apart from the issue of internet and computer network infrastructure the stage of economic development and the nature of the district economy play a greater role in the adoption of electronic payments. The payer as well as the payee both have to be prepared to enter into the transaction of electronic payment. In case of a agricultural economy both the payer and the payee are not ready to transact online as stated above. This fact has to be kept in mind while framing any policy of electronic payments and electronic transactions.

Publication Out Of Minor Research Project.

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Title of the paper: THE CHANGING FACE OF E BANKING IN INDIA .

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Abstract:

E banking refers to the provision and use of banking facilities through the internet. In order to carry out E banking as distinguished from the traditional banking, a customer of the bank requires a computer with necessary infrastructure and internet connection. In this mode of banking the customer need not visit the bank for banking transactions. Instead with the click of the mouse the customer can access his account for the required banking transactions and that too for 24 hours a day. In order to avail the e banking services a customer of the bank has to acquire a net banking password from the bank. This facility enables the customer to do his banking transactions through the computer from the comforts of his house and thus saves a lot of time and costs spent in visiting the bank. The e banking services began in India in 1995.The RBI issued detailed guidelines for the regulation of mobile banking in 2001.

In recent years the mobile banking has emerged as yet another channel of e banking in addition to the internet banking and ATM. The use of mobile for banking instead of the computer is expected to multiply manifold. The emergence of mobile banking within the e banking space will help achieve a number of goals. The prominent goal of financial inclusion will be greatly facilitated due to the widespread penetration of the mobile phones.The younger population alongwith the launch of modern technological inventions in the mobile phone will further increase the adoption of mobile banking in India.The banks will prove to be the major beneficiary due to the low cost of mobile banking and its increasing scope.