

# Impact of First Lockdown during Covid-19 Pandemic over Digital Transactions in Indian Economy: A Review

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## Abstract

*One of the many advantages that have been told during demonetization was transition towards digital Economy and the data in the NPCI website shows that the digital transactions were actually increasing after demonetization substantially. This review paper tries to understand the impact of first lockdown during covid-19 pandemic over digital transactions in Indian economy. First nationwide lockdown was announced from 24 March 2020 for 21 days initially. Due to number of rising cases the lockdown was increased till 30<sup>th</sup> may 2020. This paper used data available on the NPCI website as secondary datasource and made comparisons over the volume of digital transactions from January 2020 till September 2020. This paper tried to review the various parts of digital transactions such as Mobile banking, UPI, POS transactions before, after and during first lockdown.*

**Key words– covid-19, demonetization, digital transaction, Indian economy, lockdown.**

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## 1. INTRODUCTION

Digital transaction is a process of transferring money from one source to another source using digital platform. This is also termed as electronic transfer or e-transfer. This process is completely cashless, paperless and faceless. Moving towards digital or cashless economy was one of the many advantages that were promised during demonetization. It achieved the above aim because the digital transactions such as UPI, IMPS, Mobile banking were in increasing mode after demonetization. This cashless

transaction became more effective after the announcement of Digital India Program in 2015. By creating accounts of poor people in pradhan-mantri jandhan yojna scheme (PMJDY) and transferring the benefits directly into their account (DBT scheme) made people move towards digital transactions inch by inch. The introduction of UPI by GOI made popular the digital payments in every part of the country. Then there comes the COVID-19 pandemics which shook the nation. Due the increase in number of cases first lockdown was imposed on 24<sup>th</sup> of march 2020 and it lasts upto 31<sup>st</sup>



of May 2020. During the lockdown period all the areas were closed and nothing was open except for some essential services.

## DIFFERENT TYPES OF DIGITAL PAYMENT TOOLS

Here we will discuss about UPI, IMPS, Mobile banking and POS transactions using debit card.

- **UPI** – UPI stands for unified payment interface. It is a tool developed by national payment corporation of India for real time transfer of money from one account to another account. The advantage of using UPI is that a user doesn't have to share the sensitive bank related information. One has to create a UPI id and then he can send money using that id only. There is no need to share bank account number, IFSC code or any other vital information.
- **IMPS** – IMPS stands for immediate payment service. It is a mode of money transfer from one account to another account using banking interface. This facility is available throughout the year even on Sundays as well. In emergency situations one can transfer money using this facility. There is no limit on minimum amount but you can transfer upto 25000 to 200000 as a maximum limit depending upon the banking platform used. One should know the following details of a receiver before sending money i.e. account number, MMID and IFSC code.
- **POS using Debit card** – POS stands for point of sale. It is a machine installed at merchant address and payment can be done using debit/credit cards. The money will be transferred directly to the merchant's bank account. The machine will deliver a slip consisting of transaction amount and merchants name.
- **Mobile banking** -Mobile banking refers to banking done using mobile phones. In this age of advanced smartphones most of the banks provide their own banking app, by which one can perform various transactions such as money transfer, Bill payment, recharges etc. Before performing transactions user receive OTP in their registered mobile number.

## 2. LITRETURE REVIEW

- **Martina (2017)** conducted study on digital payments. She found out the after demonetization people were pushed

towards digital payments. She studied about various types of digital method which people used in day to day life. The study was based on secondary data and it found that the volume of transactions from 60 billion rupees in 2012-13 it rose to 4018 billion rupees in 2015-16. Also the reach of mobile network, internet and electricity is also increasing which in turn increasing digital payments in rural areas.

- **Sridevi(2021)** in her study she presented various mode of digital payments during pandemic. The study consisted of a questionnaire with 112 respondents using random sampling method. The study used primary and secondary data and used chi square and correlation test in the study. It concluded that due to advancement in technology, digital payments are increasing.
- **Rashi (2021)** in her review paper analyzed the various modes of digital payments and predicted the expected volume of transaction amount of various modes of payment. She used secondary data and using bar graphs and charts made the comparison of various digital payment method.
- **Pal(2018)** concluded that the adoption of digital technology depends upon the comfort level of the user, the volume of the transaction involved and the type of good which is being sold. He conducted a survey of 238 street vendors and found that at the early stages of demonetization the vendors were using the cashless form of transactions but after the arrival of new currency notes they started using the old cash system.
- **Shrivastava (2018)** studied the digital financial services in the cashless economy of India. He aimed to anticipate the digital financial services in the cashless environment. He collected data and found out in his hypothesis that the positive rate of growth in digital transactions will be as it is in the future. He found out some road blocks towards achieving the goal such as financial illiteracy and digital divide.

## 3. RESEARCH METHODOLOGY



# STATEMENT OF THE PROBLEM

After demonetization the numbers of digital transactions were on increasing mode of trajectory, but at the first lockdown during COVID-19 from March 24<sup>th</sup> 2020 all the services were closed except for some essential services. This paper aims to review the effect of first lockdown over digital transactions such as UPI, IMPS, Mobile banking and POS.

# OBJECTIVES

1. To study the impact of first lockdown over digital economic transactions.
2. To review various forms of digital transactions in lockdown.
3. To find out increasing or decreasing pattern in first lockdown of digital transactions.

# DATA COLLECTION

# UPI and BHIM UPI

The study is entirely based on secondary data provided from the website of RBI and National Payment Corporation of India i.e. NPCI. For understanding purpose the data from January 2020 to September 2020 is compared and analyzed.

# ANALYSIS TOOLS USED

The data analysis has been done with the usage of bar graphs, charts and tables.

# 4. DATA ANALYSIS

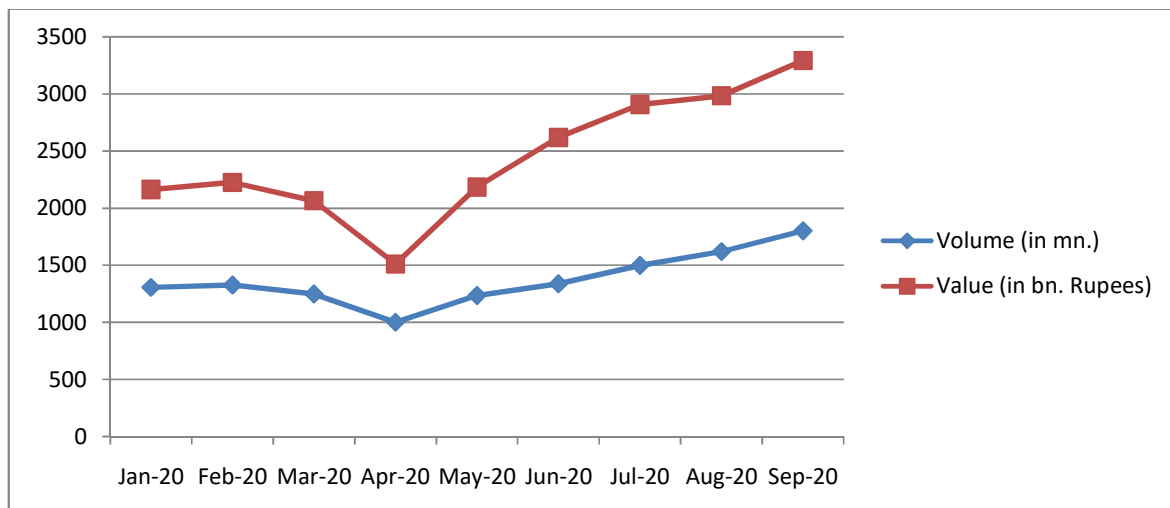
After the ban on 500 and 1000 rupees notes there was a shortage of cash in the market so the people were

forced to use the digital mode of payment system. Once the people adapted the new digital system, the

digital platform took off.

**Table 1 DATA SHOWING UPI TRANSACTIONS PRE AND POST LOCKDOWN.**

Sr.No.	Month and year of data	Volume (in mn.)	Value (in bn. Rupees)
1.	January 2020	1305.02	2162.42
2.	February 2020	1325.69	2225.17
3.	March 2020	1246.84	2064.62
4.	April 2020	999.57	1511.41
5.	May 2020	1234.50	2183.92
6.	June 2020	1336.93	2618.35
7.	July 2020	1497.36	2905.38
8.	August 2020	1618.83	2983.08
9.	September 2020	1800.14	3290.28

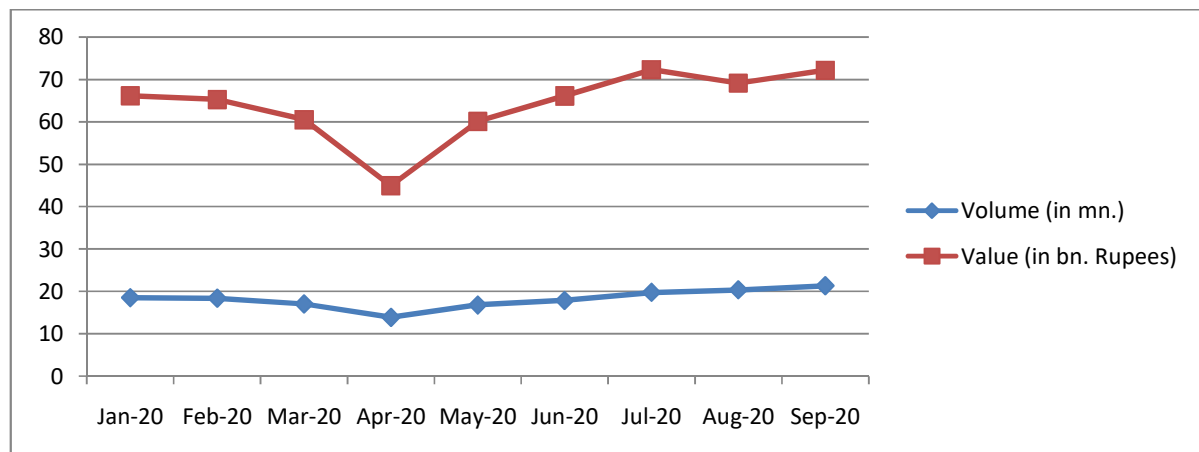




The above graph shows that the UPI transactions got declined during lockdown i.e. in the months of March, April and May 2020. Once after the unlocking started the UPI transactions again started increasing.

**Table 2 DATA SHOWING BHIM UPI TRANSACTIONS PRE AND POST LOCKDOWN.**

Sr.No.	Month and year of data	Volume (in mn.)	Value (in bn. Rupees)
1.	January 2020	18.54	66.11
2.	February 2020	18.40	65.24
3.	March 2020	17.05	60.49
4.	April 2020	13.90	44.93
5.	May 2020	16.80	60.07
6.	June 2020	17.87	66.10
7.	July 2020	19.77	72.29
8.	August 2020	20.36	69.10
9.	September 2020	21.33	72.16



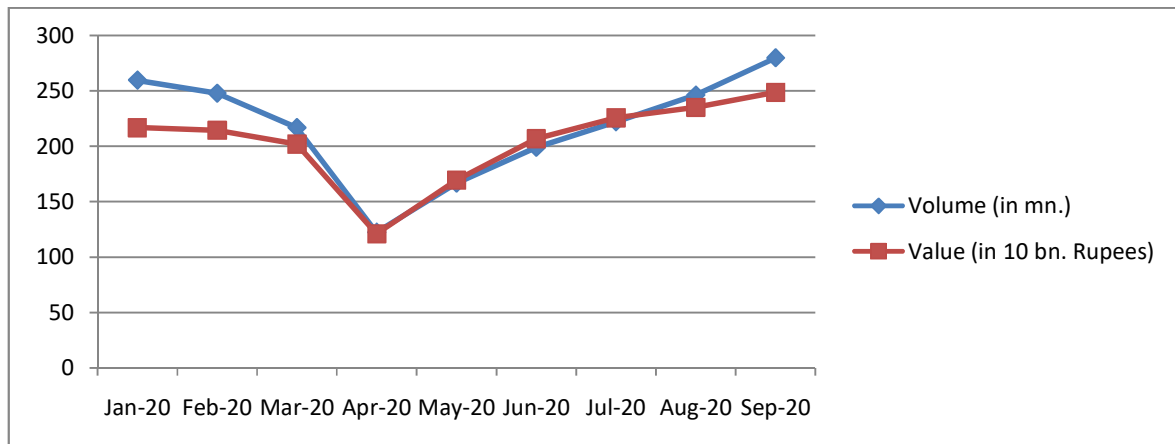
The above graph shows that theBhim transactions got declined during lockdown i.e. in the months of March, April and May 2020. Once after the unlocking started the transactions again started increasing.

#### • IMPS TRANSACTIONS

This is another important part of online transaction. The following table shows the changes in IMPS transactionsduring lockdown.

**Table 3 DATA SHOWING IMPS TRANSACTIONS PRE AND POST LOCKDOWN.**

Sr.No.	Month and year of data	Volume (in mn.)	Value (in 10 bn. Rupees)
1.	January 2020	259.53	216.81
2.	February 2020	247.8	214.56
3.	March 2020	216.82	201.96
4.	April 2020	122.47	121.14
5.	May 2020	166.68	169.40
6.	June 2020	198.91	206.95
7.	July 2020	222.1	225.77
8.	August 2020	246.12	235.14
9.	September 2020	279.61	248.66

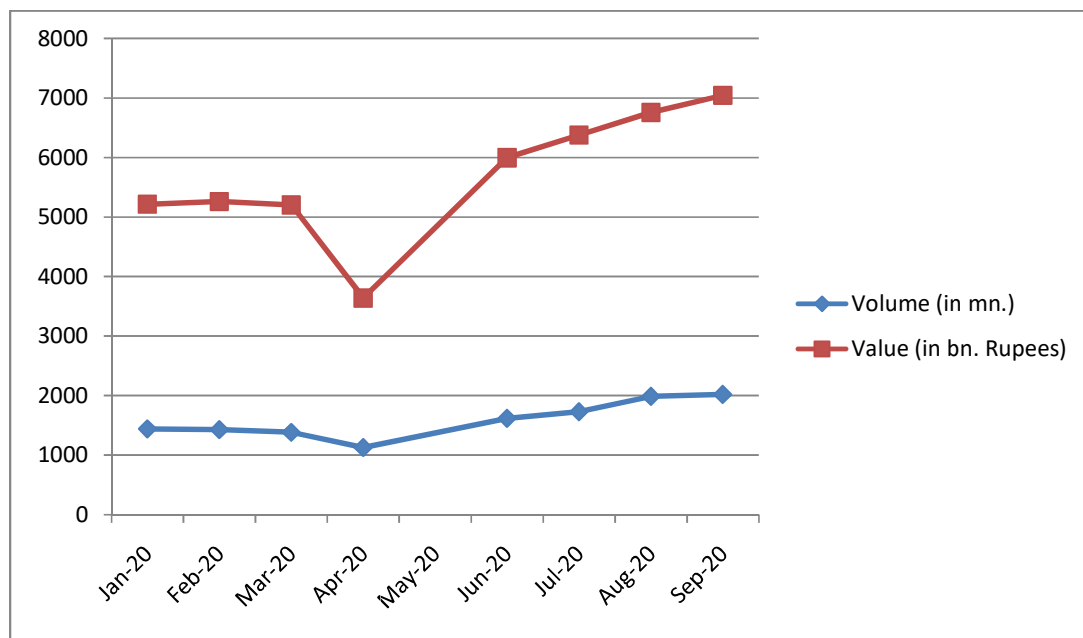


The above graph shows that the IMPS transactions got declined during lockdown i.e. in the months of March, April and May 2020. Once after the unlocking started the transactions again started increasing.

#### • MOBILE BANKING TRANSACTIONS

**Table 4 DATA SHOWING MOBILE BANKING TRANSACTIONS PRE AND POST LOCKDOWN.**

Sr.No.	Month and year of data	Volume (in mn.)	Value (in bn. Rupees)
1.	January 2020	1440.27	5213.68
2.	February 2020	1428.42	5258.46
3.	March 2020	1383.03	5201.99
4.	April 2020	1127.60	3640.31
5.	June 2020	1618.8	5994.20
6.	July 2020	1728.1	6374.89
7.	August 2020	1986.5	6752.77
8.	September 2020	2019.9	7041.09



The above graph shows that the Mobile banking transactions got declined during lockdown i.e. in the months of March, April and May 2020. Once after the unlocking started the transactions again started increasing.

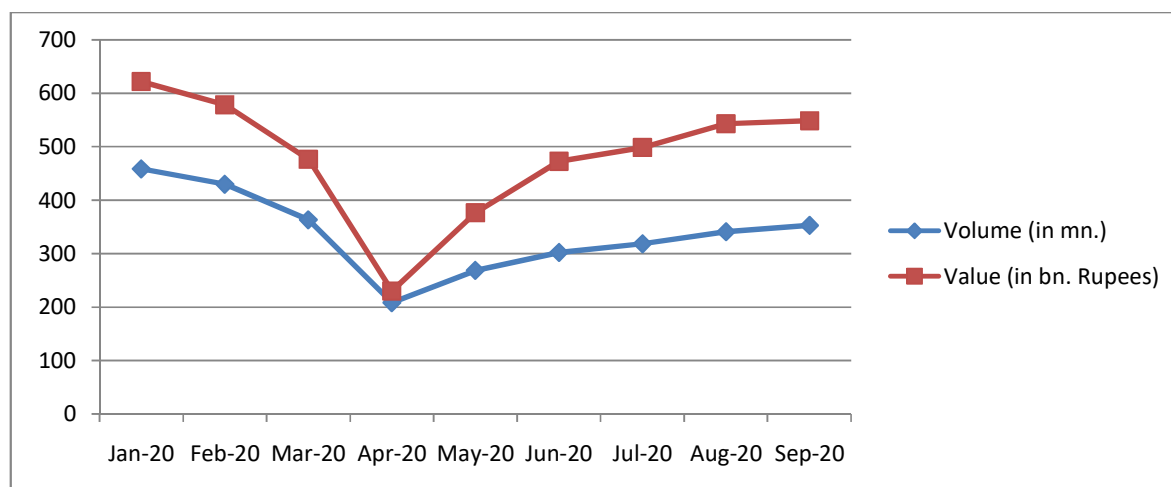


increasing.

# • POS TRANSACTIONS USING DEBIT CARD

**Table 5 DATA SHOWING POS TRANSACTIONS USING DEBIT CARD PRE AND POST LOCKDOWN.**

Sr.No.	Month and year of data	Volume (in mn.)	Value (in bn. Rupees)
1.	January 2020	458.44	621.53
2.	February 2020	429.68	578.40
3.	March 2020	363.32	476.46
4.	April 2020	208.27	229.98
5.	May 2020	268.56	376.21
6.	June 2020	302.09	472.55
7.	July 2020	318.38	498.40
8.	August 2020	340.87	542.77
9.	September 2020	352.88	548.47



The above graph shows that the POS transactions using Debit card got declined during lockdown i.e. in the months of March, April and May 2020. Once after the unlocking started the transactions again started increasing.

## 5. FINDINGS

- UPI transactions in volume were down by 23.45% and in value by 30.11% in April 2020 as compared to January 2020. The BHIM UPI transactions in volume were down by 25.02% and in value by 32.03% in April 2020 as compared to January 2020. The IMPS transactions in volume were down by 52.81% and in value by 44.12% in April 2020 as compared to January 2020. The Mobile banking

transactions in volume were down by 21.71% and in value by 30.18% in April 2020 as compared to January 2020. The POS transactions using debit card in volume were down by 54.59% and in value by 62.99% in April 2020 as compared to January 2020. The data clearly shows that digital transactions were down substantially during lockdown period. So the first lockdown has negative impact over digital transactions. So first objective is satisfied.



- The impact of first lockdown over digital transactions is reviewed in following attributes viz. IMPS, UPI, BHIM UPI, Mobile banking, POS transaction via debit card. So second objective is satisfied.
- The data shows that all the parameters of digital transactions reviewed has decreasing pattern so the third objective is also satisfied.

## 6. CONCLUSION

With the advancement of technology and reach of cheaper smartphones in remote areas the amount of digital transactions is increasing day by day. Due to demonetization people were forced to move towards cashless transactions but as the time passed by and people understand the importance and security associated with the cashless transactions they started using the digital payment methods. But due to lockdown during COVID-19 the transactions were negatively impacted. All the transaction method which were reviewed in the paper viz IMPS, UPI, Mobile transactions ,POS showed negative impact during lockdown. UPI transactions in volume were down by 23.45% and in value by 30.11% in April 2020 as compared to January 2020. The BHIM UPI transactions in volume were down by 25.02% and in value by 32.03% in April 2020 as compared to January 2020. The IMPS transactions in volume were down by 52.81% and in value by 44.12% in April 2020 as compared to January 2020. The Mobile banking transactions in volume were down by 21.71% and in value by 30.18% in April 2020 as compared to January 2020. The POS transactions using debit card in volume were down by 54.59% and in value by 62.99% in April 2020 as compared to January 2020. The data clearly shows that digital transactions were down substantially during lockdown period.

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