

## Vittiya Saksharata Abhiyaan (VISAKA)

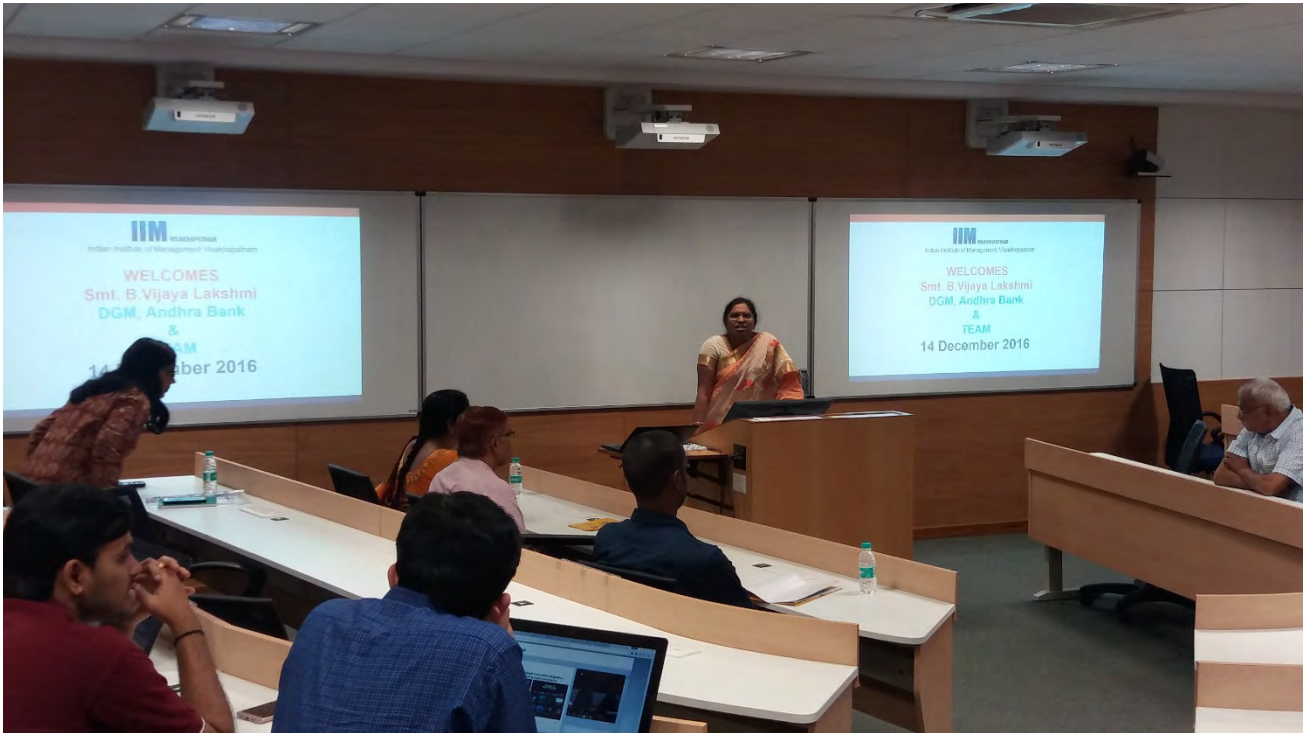
Action Plan by Indian Institute of Management Visakhapatnam

12<sup>th</sup> Dec 2016 – 12<sup>th</sup> Jan 2017

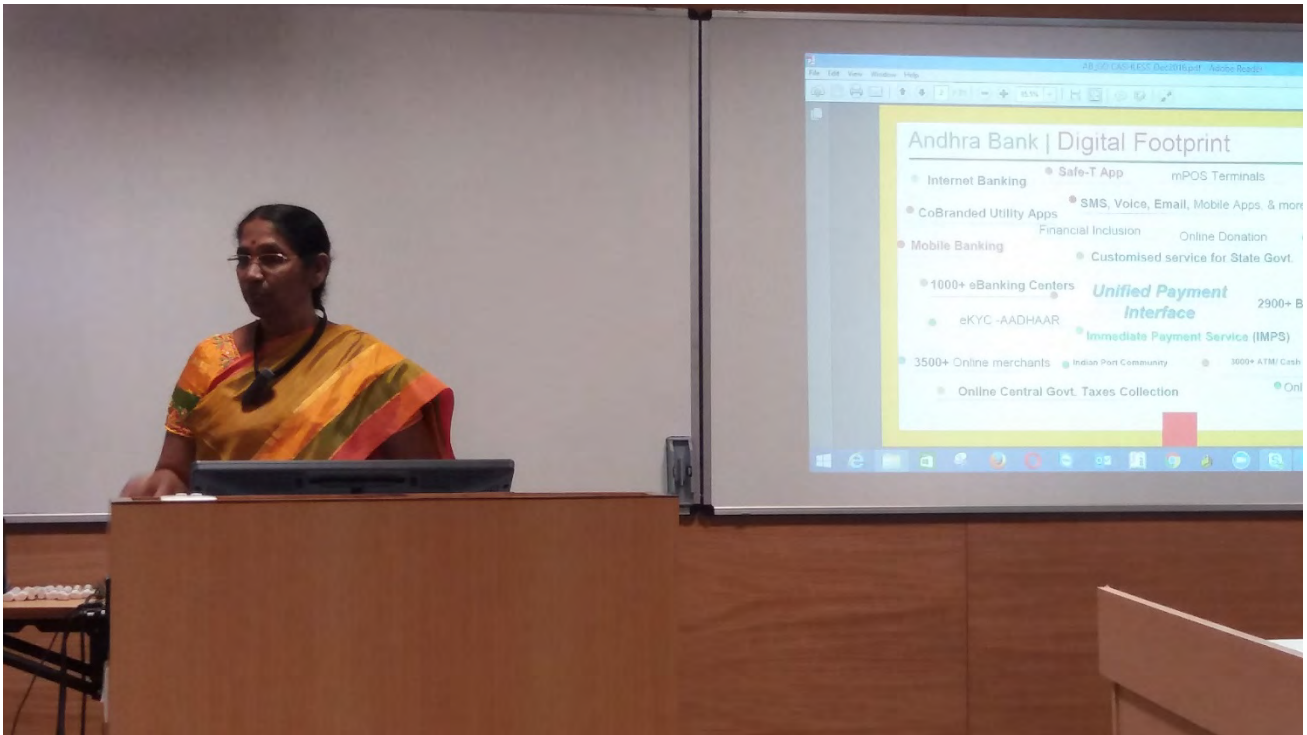
Action point	Timeline	Detailed Action Plan	Actions taken
<b>Institution level reforms</b>			
All receipts to be only digital/online mode	14 <sup>th</sup> - 23 <sup>rd</sup> Dec	<p>1) PGP Fee, Penalties / Fines / others from Students</p> <p>2) Tender fee / EMD / SD / Sale of old newspapers / unused / scrap items</p> <p>Meetings with all concerned team members based on which Instructions will be issued, Rules / Policies will be amended where needed</p>	<p>1) Wire transfer mode is already in place.</p> <p>2) PoS machine is installed for small transactions and transactions have been initiated.</p> <p>Meetings were conducted with all department heads to go cashless in all their transactions and necessary instructions have been issued to achieve the same.</p>
All payments to be made digital  Meeting of the Vendors/service providers working in the campus to finalize their digital mode for payments	14 <sup>th</sup> – 29 <sup>th</sup> Dec	<p>Stakeholders: Vendors / Contractors / Employees / Students</p> <p>Make a consolidated list of payments that are being made other than e-payment mode.</p> <p>Meetings with concerned persons for bringing awareness of digital mode of payments and suggest / facilitate opening of bank account wherever required.</p> <p>Instructions will be issued, Rules / Policies will be amended where needed.</p>	<p>Vendors/service providers, with whom the institute was making cash transactions, were met and have been briefed on the importance of digital mode of payments. Vendors providing services in six different categories were convinced and digital payment method has been implemented for them.</p>
Shifting from imprest cash payments to digital mode of payments	20 <sup>th</sup> Dec - 6 <sup>th</sup> Jan	<p>Moving from imprest cash payments to digital payments by opening bank account / arrangement of credit cards for all imprest cash holders.</p> <p>Instructions will be issued, Rules / Policies will be amended where needed.</p>	<p>Prepaid Cards have been issued to all the imprest cash holders.</p> <p><b>Shifted to 100% cashless system by adopting digital payments and receipts transactions within the campus.</b></p> <p><b>IIMV Cash balance is "NIL"</b></p>
All shops/establishments in campus to go digital through PoS machines/m Wallets	NA	<p>1) RFID system is already in place for printing / photocopying usage by students. Monthly reconciliation of charges through advance paid already.</p> <p>2) There are no other Shops / establishments in campus</p> <p>3) Implementation of PoS machines will be considered for future needs.</p>	NA
Appraisal of progress and making of final report; and uploading on the website	13 <sup>th</sup> Jan	All activities undertaken for the purpose of VISAKA to be documented and a consolidated report will be uploaded on the website.	Will be uploaded on the website shortly.

<b>Student participation in the VISAKA</b>			
Identifying trainers for digital payment system (from banks/teachers)	Before 14 <sup>th</sup> Dec	Manager from the local bank will be invited for an awareness session at the campus	Andhra Bank team has delivered a training session on implementation of Digital payments which was attended by Students and Staff
Informing all students about the programme and registration of student volunteers on website	Before 14 <sup>th</sup> Dec	Orientation session will be conducted and a form will be floated to invite volunteers from students.	Business cluster club has floated a form for volunteers.
Training of the volunteers (in adopting households/establishments for canvassing digital payment systems)	15 <sup>th</sup> - 18 <sup>th</sup> Dec	Volunteers will be given a preliminary training on various digital solutions available which common man can use in daily life. Volunteers will also be given a one page brochure to highlight various digital solutions available to give to their touchpoints.	Andhra Bank has given pamphlets describing available digital solutions.
Volunteers work on the selected households to bring them on to digital mode	20 <sup>th</sup> Dec – 8 <sup>th</sup> Jan	As part of student consulting club, a group based project will be floated with an objective to educate the neighbourhood on digital payment solutions, and due recognition will be given to the students on successful completion of the project. They will teach people how to use digital payments for their regular purchases and exchanges.	Volunteers have worked in nearby community to encourage households for going cashless. <b>Detailed report attached (Annexure-I)</b>
Open session with the student volunteers to elicit experiences and give further guidance	20 <sup>th</sup> Dec – 8 <sup>th</sup> Jan	Periodic meetings with all volunteers will be conducted to share their experiences based on which modifications to the existing plans will be made for effective implementation of the programme.	Periodical meetings were conducted with all the student volunteers to guide and monitor the progress.
Final report by the student volunteers and uploading on the website	13 <sup>th</sup> Jan	All activities undertaken for the purpose of VISAKA to be documented and a consolidated report will be uploaded on the website.	Report is prepared and will be uploaded shortly.
<b>Adoption of market places</b>			
NSS units identify the market places	Before 14 <sup>th</sup> Dec	Commercial establishments in marketplaces around the student hostels will be selected by the student consulting club	Merchants were chosen from different categories based on business type
Visits to the establishments and teaching digital payments	15 <sup>th</sup> Dec – 23 <sup>rd</sup> Dec	Each team of volunteers will be awarded a set of establishments based on a lottery system. The selected teams will visit the shops/vendors and convince them to adopt digital payments systems	Selected teams have visited the shops and provided training to go cashless by giving necessary information
Debriefing about the results of the work	23 <sup>rd</sup> – 24 <sup>th</sup> Dec	Each team will be required to fill up a sheet detailing information on their touchpoints and the progress made.	Regular review meetings among the team members were held to share their experiences and decided on the next course of action.
Follow up visits to the market place	24 <sup>th</sup> Dec – 8 <sup>th</sup> Jan	They will then make a second visit to a 'sample' of these places to see whether they have started digital payments.	Volunteers visited the shops & households and found that some of them have been using digital mode of payments and some

			have positively responded towards the change though there are some challenges to overcome. <b>Detailed report is attached.</b>
Final report by the NSS units	13 <sup>th</sup> Jan	Each group will submit a final report on their visits. All activities undertaken for the purpose of VISAKA to be documented and a consolidated report will be uploaded on the website.	Report is prepared and will be uploaded shortly.



Manger, F & A of IIM Visakhapatnam delivering the welcome note of VISAKA Project



Ms B. Vijaya Lakshmi, DGM, Andhra Bank delivering a lecture on various modes of digital banking available



Staff and Students paying keen attention to the lecture delivered



Staff member from IT division of Andhra Bank explaining about various Mobile Apps available for making digital payments.

# **Vittiya Saksharata Abhiyaan (VISAKA)**

By

**PGP 2015-17 & PGP 2016-18**

**Indian Institute of Management Visakhapatnam**

## **1. Introduction:**

From barter system to currency notes, the payment mechanisms have undergone a series of transformations. People found currency notes to be the most convenient form of payment and it stood as the only mechanism of payment for a large period of time. However, in recent past we are witnessing the constant evolution towards digitisation of payment systems. These innovations in payment mechanisms have facilitated the growth of e-commerce.

After the government's demonetization decision on November 8, digital payment has become the need of the hour. More importantly, digital literacy and the awareness about digitization of payments seems to be the major concerns.

## **2. VISAKA**

In order to transform cash system to digital system, It is very crucial to create awareness on digital payment system, since the common man and small vendors have habituated towards cash transaction system and do not have awareness on digital mode of transactions.

Project VISAKHA is aimed at promoting payment digitization and creating awareness about the same to all shops/establishments/traders. The rationale behind VISAKA is to make India digital by reducing the demand for paper currency which in turn can play a vital role in corruption free economy and thereby contributing towards the growth of the nation.

## **3. Various modes of Digital Payment Systems**

### **a) Pre-Monetization - modes of Digital Payments**

Apart from currency payment system (cash system), different modes of digital payments like cheques, demand drafts, net banking, payment gateways, debit/credit cards, bitcoin, mobile wallet services etc. are already in the market. Major among them are briefed as under:

1. **Net banking/Internet banking** – The net banking facility provided by banks enable a person to carry out all the fund transfer related transactions without actually having to visit any bank physically.
2. **Digital Wallets by Banks** – Digital payment solutions provided by the pioneers of financial institutions.
3. **Technology platforms such as Paytm** – A pure play technology platform expanded its operation to include digital wallet to facilitate mobile recharge, bill payment, & e-commerce transactions
4. **Mobile and e-wallets:** Mobile wallets like Paytm, Freecharge, Mobikwik were discussed with the vendors if they were not aware about the same. The advantages of using these apps were communicated to them. Advantages like increased sales and more customer acquisition were discussed.
5. **Point of Sales (POS):** Availability and usage of the POS machine was debated with the vendors.
6. **Online Banking:** online bank transfers and payment via credit/debit cards was also deliberated.

## **b) Post-Monetization - modes of Digital Payments (BHIM)**

1. In addition to the existing modes of digital payment systems abridged in (a) above, National Payments Corporation of India (NPCI) has launched BHIM, a digital payment application based on Unified Payment Interface (UPI), to facilitate e-payments directly through banks. The app supports all banks and the instant money transfer from one bank to another is supported. The main advantage is that it can be used both on a smartphone and a feature phone. The prerequisite is the internet connection. The app was downloaded 1 million times within 5 days of its launch.

### **4. Approach:**

We have visited multiple households and small establishments such as Kirana stores and wholesale shops in and around IIM Campus and Student hostel areas. We interacted with them to gauge their awareness on digital payment systems. Whenever we found out that the shop keepers were yet to use the digital payment systems, we educated them about the advantages of moving to a digital system. The details of our interaction are as follows:

### **Sectors of Shops:**

The shops belonged to the various sectors and backgrounds as shown below. This was done to get an overall view of the problems and challenges faced by the shopkeepers in their domains.

- Small tailor shop – Jyoti Tailors
- A medical supplies shop – Godavari Agencies
- A pharmaceutical shop – Vivek Medicals
- Street food Noodles shop
- Local grocery shop – Tarkeshwari shop, Bhagyalakshmi Kirana
- Small mobile handset shop – Chandani Cell Point, Sri Venkateswara Cell Point
- Tea and Tiffin service shop – Panchavathi Tea and Tiffins
- Resident Provision Store – Mr. Satyanarayana, Ms. Savita
- Optical Shop – New max opticals

### **Questions Asked:**

To get a holistic view about the perception and knowledge of digitization of payments, following questions were asked to the vendors and shopkeepers:

- Do you know about the recent demonetization?
- Have the sales dropped since then?
- Do you know about digital banking and payment?
- Do you have a POS?
- Do you know about the various online portals and facilities for digital payments?
- Would you like to go for digitization of payment?
- If yes, have you done something about it?
- If no, then why?



### Response Received:

The shop-wise responses received are listed below. These gave an insight about the significant problems and the various challenges faced by the shopkeepers and vendors if at all they go for digitization of payments.

- Jyoti Tailors: These people were very friendly and open to talk about the digital payment mode. They had some basic idea about the digital banking. The major setback was that they do not have a smartphone and hence will not be able to implement digitized payments. The point was that they cannot afford a basic smartphone just for making digital payments. If some kind of incentive can be given to these people then they would be willing to shift to cashless transaction. Below is the visiting card they provided:



- Godavari Agencies: This shopkeeper was well aware of all the modes of the digital payments. He was already dealing through cheques and online banking. However he has recently ordered a POS machine for ease of transaction through credit/debit cards.
- Vivek Medicals: This was one pharmaceutical shop that had everything and was well equipped with all forms of digital payment. These were POS machine, Paytm account and online/mobile banking. Cash transactions are also accepted here.
- Tarkeshwari Grocery Store: Here there was an old lady sitting as the counter who was not aware about the digital banking and neither was able to understand English or Hindi. So there was a huge communication problem and the benefits of digital payments were not effectively communicated.
- Street Noodles Shop: This is a small street noodles shop and a source of inspiration to other small vendors. The vendor started accepting Paytm transactions two months back just after the demonetization was announced. However, he got a board from Paytm just recently on 5<sup>th</sup> January, 2017 which I believe could have been done sooner. His sales has increased since he started using Paytm. Below is a screenshot of the shop:



- Chandani Cell Point: These people were ignorant and not willing to adopt the new technology at all. They said that they anyway incur low sales so there is no incentive to go digital. They were not ready to accept the change and were really comfortable in their existing arrangement.
- Panchavathi Tea and Tiffins: This shop has huge sales on a day to day basis but the transaction values are really low to go for a digital payment mode. A very heavy meal would not cost more than Rs. 50 to Rs. 100 on an average and for such low transaction values digital payment seemed futile to the vendor.
- Xerox shop: This shop has the service of mobile banking whenever required. Since the photocopy and print don't cost much thus these people will not go for a POS as the machine is highly costly and will be ineffective for them. Below is the snapshot of the PAN card details put outside their shop:



- Bhagyalakshmi Kirana: It is a small Kiran store in Shivajipalem, Visakhapatnam. According to its proprietor Mr. Praveen, they didn't face much difficulty post demonetisation but some of the customers insisted on accepting Paytm which drove him to accept payments on Paytm. He also had a bank account linked to Paytm wallet and he used this account to draw cash. We educated him about the various transactions one could carry out by opting for net banking like fund transfer (mainly IMPS, NEFT).
- Mr. Satyanarayana: He is a resident of Peda Waltair operating a small provision store from his residence. Though he had a bank account, he was not aware about the digital payment systems. He also had a RuPay card but was not frequently using it. We educated him on the advantages of going digital and also on the benefits associated with the RuPay debit card.

- Ms. Savita: She runs a small general stores in Shivaji Palem. She is still not using any of the digital payment system and all the transactions are cash based. She cited the average bill values are small and hence she was not impacted by demonetization. So, she didn't find the need to adopt any other payment systems. Here also we educated about the benefits of digital payment systems.
- Sri Venkateshwara Cell Point: This is a small store selling recharge vouchers and other general items in Shivaji Palem area. Though the owners were having bank accounts and had a brief idea about what operations can be carried out using net banking, they were rarely using it. We educated them on the convenience and other advantages associated with net banking. They were accepting payments through Paytm as well.
- New Max Optical: This is an optical store in Peda Waltair. They were accepting payments through Paytm post demonetisation but were not accepting other digital payment systems like credit/debit cards. We educated them about the advantages associated with installing Point-of-Sale machines and accepting card payments.

**Question asked by them:**

Some of the questions asked back were as follows:

- Are you from some bank?
- Are you from Paytm?
- Are you from government?

Before asking questions, it was told to them that I am a student of IIM Visakhapatnam and my motive was to gauge their knowledge about digital payment modes and to fill any knowledge gap if any.

**Consumer Rights Survey of India:** While doing the survey I had the privilege of coming across people from Consumer Rights Survey of India, Andhra Pradesh. The president of the body for Andhra Pradesh was also present. In a brief interaction that happened with them we came to know that they also work in such fields and were actually bothered about the charges on online transaction that the shopkeepers pay out of their pockets. They were concerned about how can these charges be minimised if not completely eliminated. The extra charges are a deterrent for the small shops to go for digitization of payments and steps should be taken to reduce/eliminate the same. Below is the visiting card they gave:



## **5. Challenges faced:**

Some of the challenges faced while conducting the survey and awareness drive were as follows:

- Time Constraint – Due to limited time and shopkeepers were busy doing their business, we could interact only a few persons.
- Unwillingness to talk – Some of the shopkeepers were uninterested in discussing about this topic. They did not want to talk about it as it seemed of little importance to them.

## **6. Conclusion:**

Subsequently, we have visited the shops which we have been approached by us previously and took the feedback in respect of transforming to digitization. Majority of them have downloaded the Paytm app for the daily transactions and some other have placed the order for PoS machines which are yet to be installed.

However, some people are willing to accept the digital payment mode but they can't afford it. They either do not have smartphones or they are unwilling to pay the 1% charge on online transactions. This is the money going out of their own pocket. They can't afford to pay surcharge as whatever they are making now is barely sufficient to cater their personal needs. Thus this would be a major change for them with a loss of money that they do not want to incur.

## **7. Recommendations:**

Some of the actions that can be taken by the government can be as follows:

- Removal of surcharge for the small shopkeepers and vendors depending on their income
- Provide a mobile handset that has the basic feature to operate on internet and perform digital banking. This would help in promoting the BHIM app as well.
- Incentivise merchants by waiving off charges on digital transactions for below 1 lakh per month.
- Hold campaigns about the digital payment modes.